REPORT CARD
ON ENVIRONMENTALLY RESPONSIBLE MEDICAL WASTE MANAGEMENT

Name _________________________________  Stericycle, Inc.

Marking Period __________________________  May 2002 - May 2003
Dear Stericycle Shareholder:

This report card is Health Care Without Harm’s (HCWH’s) evaluation of the progress that Stericycle, Inc. has made toward living up to its mission to be “the leading company dedicated to the environmentally responsible management of infection control and compliance services for the health care community.”

Made up of more than 400 organizations in 44 countries, Health Care Without Harm’s mission is to transform the health care industry worldwide, without compromising patient safety or care, so that it is ecologically sustainable and no longer a source of harm to public health and the environment. We first assessed Stericycle’s environmental performance in our May 2002 report, Stericycle: Living Up to its Mission? The report made four recommendations to Stericycle:

- Phase out the use of incineration, a polluting technology known to be a leading source of dioxin, a human carcinogen;
- Improve health and safety programs and disclose health and environmental concerns at facilities;
- Work more closely with customers to reduce the volume and toxicity of waste; and,
- Minimize the impact of facilities on surrounding communities.

Stericycle has reported some improvements in the company’s 2002 Annual Report discussion of environmental commitment. However, the company still has a distance to travel to live up to its goals of environmental responsibility, and to be accountable for reporting progress towards those goals to shareholders and the public. Over the last year, concerned shareholders and HCWH asked Stericycle officials to establish detailed environmental reporting, providing a comprehensive report card to shareholders based on relevant company-wide metrics. The 2002 annual report is a small step in this direction, but still lacks needed details regarding many issues, including the quantitative impact that Stericycle operations have on the environment.

Because Stericycle has declined to engage in detailed environmental reporting, we have compiled our own report card. This is based on the admittedly incomplete information available to us from our members’ experience and knowledge of various Stericycle sites. While we believe that the grades contained in this report card are representative of issues that the company needs to address, they should not be read as a comprehensive evaluation of Stericycle’s operations. We hope that as a result of this report card, additional shareholders will join with us to encourage further environmental reforms by management and the Stericycle board of directors.

Sincerely,

Charlotte Brody, RN
Executive Director, Health Care Without Harm
EXPECTATIONS FOR AN ENVIRONMENTALLY RESPONSIBLE MEDICAL WASTE MANAGEMENT COMPANY

(Developed by Health Care Without Harm based on the report Stericycle: Living Up to Its Mission?, consultation with member health care providers, and HCWH mission and goals)

- Use alternative medical waste treatment technologies in place of incineration. Medical waste incineration is a primary source of dioxin, mercury and other toxic pollutants. Viable alternatives exist that are safer, cleaner, do not produce dioxin, and are just as effective at disinfecting medical waste. Proactively work to change laws to allow universal application of non-incineration technologies. Do not incinerate the residues from alternative treatment technologies.

- Reduce the volume and toxicity of the waste stream through customer education and the negotiation or creation of contracts that encourage these results. Ongoing customer education and technical assistance programs on waste volume and toxicity reduction should be a standard provision of contracts. Contracts should provide monetary incentives to customers who reduce waste volumes. Actively promote the use of reusable sharps containers.

- Ensure that mercury and other hazardous materials are not disposed of at treatment facilities. Facilities must monitor incoming wastes to ensure that mercury, in particular, is not entering the facility. Indoor air quality and emissions from the facility must be tested to guarantee that these toxic residues are not being discharged.

- Provide medical waste transport and treatment workers with proper equipment and special training in infectious waste handling and the operation of treatment systems to assure that their health and safety and that of the community is protected. Disclose all environmental and worker safety concerns.

- Minimize the impact of waste treatment facilities on surrounding communities and respect environmental justice concerns when siting facilities. Do not construct new incinerators. Involve communities in permit and siting processes for alternative non-incineration treatment facilities.

AREAS CONSIDERED IN DETERMINING STERICYCLE'S PROGRESS

INCINERATION OF MEDICAL WASTE
- Incinerator Closures
- Incineration of Treated Residues
- Incineration of Waste in Non-Stericycle Incinerators

DISCLOSURE & ACCOUNTABILITY
- Environmental Reporting to Shareholders
- Community Responsiveness

REDUCING THE VOLUME & TOXICITY OF WASTE
- Contracts Encouraging Waste Reduction
- Customer Education
- Reusable Sharps Container Programs
- Mercury Screening

PROTECTING WORKERS & COMMUNITIES
- Community Air Emissions

ADHERING TO PRINCIPLES OF ENVIRONMENTAL JUSTICE
- Operations in Low-Income and Minority Communities
## Progress Report

### Incineration of Medical Waste

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<th>Comments</th>
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<tbody>
<tr>
<td>Incinerator Closures</td>
<td>Needs Improvement</td>
<td>Closed incinerators in Chandler, AZ and St. Louis, MO after community opposition to these facilities. Added or expanded six non-incineration treatment plants. However, eight medical waste incinerators still operating in FL, IL, KS, MD, NC, OH, OK, UT. A ninth incinerator is operating in NE that burns primarily pharmaceutical waste and is not permitted to treat most medical waste as defined by NE regulations.</td>
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<tr>
<td>Incineration of Treated Residues</td>
<td>Needs Improvement</td>
<td>Treated residues from RI Electro-Thermal-Deactivation facility incinerated in MA waste-to-energy incinerators.</td>
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<td>Use of Non-Stericycle Incinerators</td>
<td>Needs Improvement</td>
<td>Untreated waste sent to Phoenix Incinerator in Baltimore, MD and Wishard Hospital Incinerator in Indianapolis, IN.</td>
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### Disclosure & Accountability

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<td>Environmental Reporting to Shareholders</td>
<td>Needs Improvement</td>
<td>While the 2002 Annual Report describes examples of the company’s commitment to environmental responsibility, it lacks necessary environmental metrics that allow shareholders to effectively track progress, such as waste reduction or waste segregation measures, and incineration volume. The report does show progress on reducing in-house incineration treatment capacity. However, reporting on a volume basis might give substantially different results. The practice of contracting to send untreated waste to incinerators owned by other companies or hospitals is clearly not included in this figure.</td>
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<tr>
<td>Community Responsiveness</td>
<td>Unsatisfactory</td>
<td>Company officials broke agreement with community representatives in UT to meet and address concerns about incinerator. Two months have passed with no response to a letter sent by citizens concerned about incinerator in NC.</td>
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### Reducing Waste Volume & Toxicity

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<td>Contracts Encouraging Waste Reduction</td>
<td>Needs Improvement</td>
<td>At least one hospital, in Kalamazoo, MI, pays less if it produces fewer pounds of waste. In NH, other hospitals report that billing has shifted to a per-container system, which reduces incentives for waste reduction compared with per-pound billing methods.</td>
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At the request of shareholders and HCWH, Stericycle agreed to develop customer education materials on waste volume and toxicity reduction. Specifically, HCWH recommended training modules on three topics: Waste Minimization, Mercury Elimination and Persistent Bioaccumulative Toxics (PBT) Reduction. As of April, 2003 Stericycle has developed comprehensive materials on mercury elimination. Educational materials should also inform customers on how to reduce waste and minimize production of PBTs.

Purchased companies (Integrated Environmental Services in CA, Sharps Away in MN) offering reusable sharps container services, closed these operations during transition and has not reopened them. Purchased Scherer Healthcare and its subsidiary Bio Systems, which operated reusable sharps container programs in 10 states and DC. Company statements indicate that the service will continue and be expanded, though details of when and how this will happen are not known.

Effective monitoring or enforcement systems are not in place to prevent mercury from entering treatment facilities. Offers Mercury Mailback program and will begin educating customers on mercury elimination, but this does not ensure that mercury waste will not enter a facility.

Notice of Violations for exceeding mercury emissions limits at NC incinerator in March 2002. Use of bypass stack (bypass of pollution controls) at incinerators in IL, UT and KS. At KS incinerator, the company’s self-reported data indicate that there were 57 bypass events in 2002, and 18 events from January through March, 2003.

Incinerators closed in AZ and MO located in low-income and minority communities.
While Stericycle is to be commended for its high ideals and its improvement in some areas such as reducing the number of incinerators in use, the company hasn't reached a satisfactory level of performance in any subject area. This report card is based on incomplete information, which would not be the case if annual detailed environmental reports to shareholders were published. We recommend that shareholders and the board of directors supervise the management's efforts to achieve its goals, encourage an attitude of cooperation, and demand that claims of excellence be supported by documentation. We will continue to give special attention to help identify ways to improve the company's grades. With diligence and hard work, we are confident that Stericycle can bring these grades up and become a model environmentally responsible medical waste management company.
ENDNOTES

1. Stericycle press release, 12/9/02. Community opposition is documented in press releases from the local groups:
   11/27/02 press release from Gila River Alliance for a Clean Environment and Greenaction, 12/3/02 press release
   from St. Louis Medical Waste Incinerator Group. Both available at:


3. Stericycle 2002 Annual Report states that they operate eight incinerators (p. 11). Information from the company
   and contacts with state agencies confirmed medical waste incinerator locations.

4. Email communication with Stephen Shiner of Stericycle (4/21/03) confirmed that Stericycle operates incinerators
   at nine locations, including Lincoln, NE. The Lincoln facility’s operating permit (effective 11/24/01) states that it
   may burn waste of Type 0 (paper records), Type 1 (cardboard wastes), Type 3 (international food), Type 4
   (human/animal remains), Type 9 (illegal drugs, paint filters, nonhazardous pharmaceuticals, soil). It is not permitted
   to burn Type 5 waste, defined as “Hospital waste including sharps, pathological, surgical and associated infectious
   waste materials.” In a 2/5/03 letter to the Lincoln-Lancaster County Health Department, the Stericycle Facility
   Manager states that, in 2002, the plant burned: 527,860 pounds Type 9 waste; 40,625 pounds Type 4 waste; 39,304
   Type 0 waste; and 2,196 pounds Type 3 waste.

5. The Woonsocket, RI ETD facility disposes of the vast majority of its treated residues at the SEMASS Resource
   Recovery Facility, a waste-to-energy incinerator in MA. Treated residues also go to the eco/Springfield facility,
   another resource recovery facility in MA. Information from Mark Dennen, Rhode Island Department of
   Environmental Management. The Stericycle 2002 Annual Report verifies that this happens; it states, "the resulting
   [treated] waste or incinerator ash is transported for resource recovery, recycling or disposal in a landfill" (p. 6).
   Resource recovery is another term for incineration.

6. Use of Phoenix incinerator confirmed by Bob Brown of Stericycle at 2/4/03 meeting. Use of Wishard Hospital
   incinerator confirmed in phone correspondence with Mike Nichols of Wishard Hospital on 4/25/03.

7. A 2/28/03 meeting between Stericycle officials at the North Salt Lake City, UT incinerator and concerned resi-
   dents and activists was pre-arranged, and written questions were submitted in advance. When the visitors arrived
   at the facility, officials were dismissive, did not answer submitted questions, and canceled the bulk of the meeting
   despite the fact that two representatives had flown in from CA.

8. John Powell, a resident concerned about the Haw River, NC incinerator, wrote a letter to Stericycle on 2/10/03. As
   of April 2003, this letter has not received a response.

9. Confirmed by Karen Helsen, Bronson Hospital, Kalamazoo, MI.

10. Confirmed by Debbie Augustine, Environmental Affairs Coordinator, NH Hospital Association.


14. Information obtained at 3/21/03 meeting with Stericycle officials at the Washington Department of Ecology in
    Olympia, WA. Those present included Laurie Valeriano of the WA Toxics Coalition; Mike Philpott, Chris
    Stromerson and Steve Shiner of Stericycle; and representatives from Department of Ecology, State Department
    of Health, Southwest Clean Air Agency, Lewis County Department of Health, and WA State Dental Association.
    Stericycle officials dismissed requests to utilize methods to test for mercury indoor air emissions. They also dis-
    missed requests for spot checks by trained Stericycle employees utilizing protective equipment to ensure mercury
    is not entering infectious waste bags.


16. North Carolina Department of Environment and Natural Resources, Notice of Violation and Recommendation for
    Enforcement, 10/10/02.

17. Information from KS and IL based on review of state files for 2002 and 2003 operations. Information from UT
    based on 2/28/03 site visit, during which facility official admitted to 20 bypasses of pollution control equipment
    in 2002.

18. Information from Gila River Alliance for a Clean Environment and Greenaction, organizations involved in a cam-
    paign to close the incinerator located on the Gila River Indian Community reservation in AZ; and the St. Louis
    Medical Waste Incinerator Group, the organization leading the effort to close the St. Louis, MO incinerator.