

stryker

Corporate Responsibility
Review **2019**



Overview and approach

A message from our Chairman and CEO, Kevin Lobo

We are working to improve healthcare and the world one action and one day at a time, because we believe the health of the world is as important as the people who live in it. We do this by living our mission every day: Together with our customers, we are driven to make healthcare better. As we continue to grow, our corporate responsibility story continues to evolve.

Since 1941 we've been in constant pursuit of better —better healthcare, better outcomes and better ways to support people. We understand that we are in a unique position to impact lives and help ensure a bright future for generations to come. We take that responsibility seriously. And our actions serve as proof.

We are proud to share with you this corporate responsibility review, and a few examples of how our values of Integrity, Accountability, People and Performance are reflected in our work. These tenets are the foundation of our five focus areas: **Investing in people, resource efficiency, ethics and accountability, product lifecycle innovation and responsible supply chains.**



Mission

Together with our customers,
we are driven
to make healthcare better.

Values

Integrity
We do what's right

Accountability
We do what we say

People
We grow talent

Performance
We deliver

Stryker is one of the world's leading medical technology companies and, together with our customers, is driven to make healthcare better. We offer innovative products and services in Orthopaedics, Medical and Surgical, and Neurotechnology and Spine that help improve patient and hospital outcomes.

Our history

When Dr. Homer Stryker, an orthopaedic surgeon from Kalamazoo, Michigan, U.S.A., found that certain medical products were not meeting his patients' needs, he invented new ones. As interest in these products grew, Dr. Stryker started a company in 1941 to produce them.

Today, we are one of the world's leading medical technology companies. Our growth is based on a diverse array of innovative products and services that help improve patient and hospital outcomes.

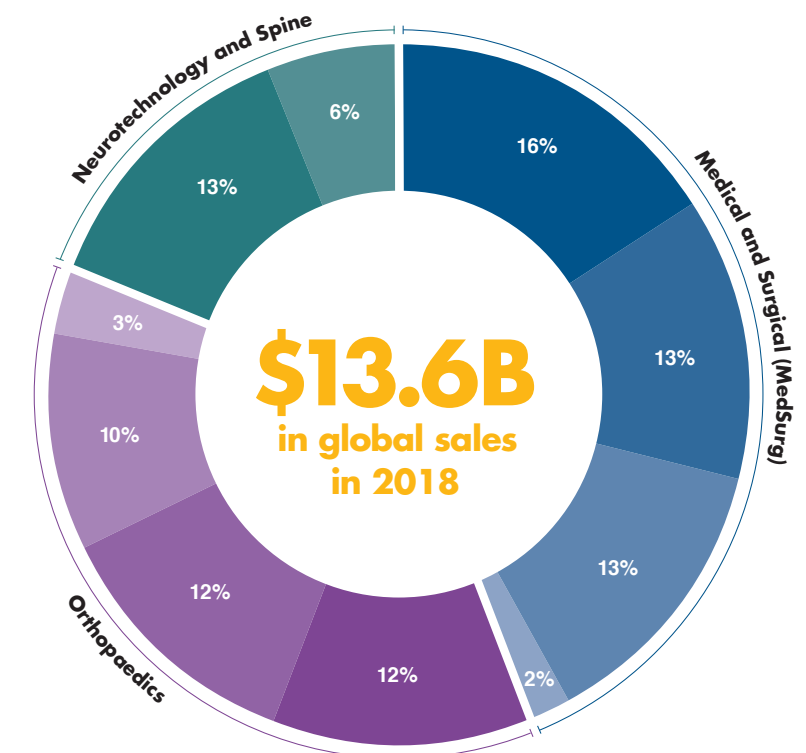
We are well-positioned to continue serving the worldwide medical community for generations to come. We think Dr. Stryker would be pleased.



Leading in medtech

Since going public in 1979 we've had
40 years of consecutive growth

- Medical
- Instruments
- Endoscopy
- Sustainability Solutions
- Knees
- Trauma & Extremities
- Hips
- Other
- Neurotechnology
- Spine



Our approach to corporate responsibility

At Stryker, corporate responsibility is an important part of who we are—as individuals, teams and one connected company. It's driven by our shared values of Integrity, Accountability, People and Performance. It is built into the way we operate our company.

Our mission is to improve healthcare by working with our customers to make the world better for patients, caregivers, employees and the environment. Our employees are driven by a strong purpose to serve and give back, with a commitment to people and the planet.

Together, we've made positive strides. We're investing our best ideas into world-changing solutions, where making people better is the bottom line. That's why we're focusing our attention on five distinct areas:

Investing in people

for stronger health, safety, talent and inclusion.

Product lifecycle innovation

where we carefully consider our use of materials across a product's lifecycle.

Resource efficiency

by reducing water, waste and emissions.

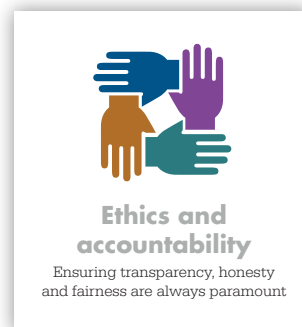
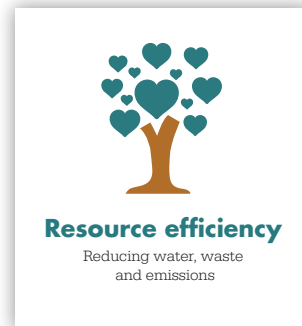
Responsible supply chains

whereby we manage and source with high standards.

Ethics and accountability

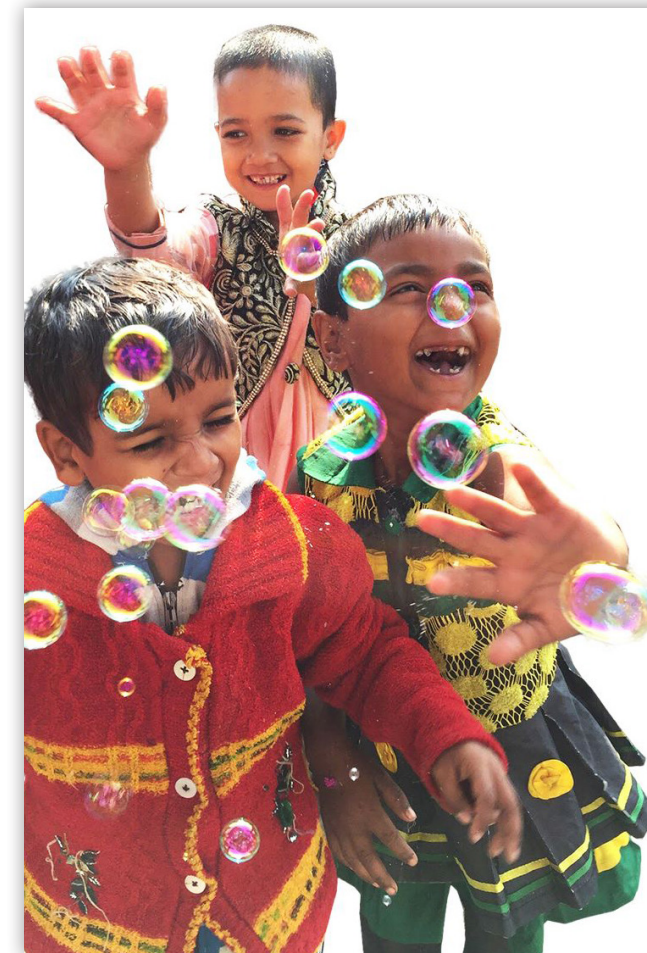
because transparency, honesty and fairness should always be paramount.

As an industry leader, we believe that corporate responsibility is a strategic imperative. That's why we will continue investing time and resources in the areas that are most important to our employees, customers and the communities where we live and work.



Recognition

We live our mission and values every day, and we're honored by the accolades that reflect our inclusive culture of excellence.



2019

Forbes:

America's Best Employers For Diversity

Women's choice:

Best Companies for Women

Women's choice:

Best Companies for Millennial Women

Great places to work:

Best Workplaces for Inclusion

Women's choice:

Best Companies for Multicultural Women

Human rights campaign foundation:

Best places to work for LGBTQ equality

Forbes:

America's Best Employers for Women

Great Places to Work:

Workplace for Women in Brazil

Notable Corporate Responsibility awards

Fortune & Great Places to work:

50 best workplaces for giving back

Fortune:

Change the world list

Memberships

Aligning with organizations that share our belief system and support our global priorities.

- CSR Board
- Business Roundtable

- MedTech Europe
- AdvaMed

- APACMed

Governance

- Quality Policy
- Code of Conduct
- Code of Ethics

- Conflict Minerals
- Modern Slavery
- CA Transparency Act

- Compliance Program
- Supplier Diversity
- PO Terms and Conditions

To access our governance policies, please visit [Stryker.com/CR](https://www.stryker.com/CR)



Investing in people

For stronger health, safety, talent and inclusion

People are the reason we're driven to make healthcare better. We turn our drive into action by fostering an inclusive, inspiring workplace, identifying meaningful volunteer opportunities and promoting global health for all.

Committing to people alongside leading CEOs

In August of 2019, Stryker CEO Kevin Lobo made a commitment alongside 180 other CEOs to lead their companies for the benefit of all stakeholders, including customers, employees, suppliers, communities and shareholders. Together, these leaders —representing many of the largest, most influential organizations in America —sent a strong message that every person has value and is worth investing in.

At Stryker, we believe in doing business as a force for good. Through these initiatives —among many others —we're benefitting all stakeholders, not just shareholders, and helping to create an economy where all people can flourish.

Today, Stryker is putting our commitment into action. Five of the many ways include:

We support moms and dads

Our parental leave policy gives moms and dads more paid time off and flexibility with a new child.

We recruit military veterans

We are part of the Veterans Job Mission, a coalition of more than 200 companies that pledge to hire 1 million veterans by 2020.

We offer a 401(k) plan that exceeds market

Our 401(k) plan matches \$0.50 for every dollar contributed by an employee, up to 8 percent of their eligible wages.

We promote diversity and inclusion

Our entire senior leadership team added diversity and inclusion to their performance objectives.

We help advance female leaders in science

In partnership with the Orthopaedic Research Society (ORS), Stryker awards up to \$50,000 to a well-deserving female scientist/engineer to help her pursue a research career and establish herself as a leader in the orthopaedic field.



Stepping forward for patients and surgeons globally

A determined and passionate commitment to our mission drives our desire to support it through programs that reflect issues close to home. One way we're doing this is through our partnership with Operation Walk. Operation Walk is a volunteer medical humanitarian organization whose work provides life-changing joint replacement surgery at no cost to patients in need in the U.S. and around the world, while also teaching in-country physicians. Their work enables patients to return to their lives as productive members of society.

Since 1996, our Orthopaedics group has supported Operation Walk through giving and volunteerism efforts, including product donations, funding and employee participation on missions. To date, Operation Walk has 18 teams who have completed 100 mission trips in 25 countries and helped 10,000 patients. Recently, we supported a medical mission in Panama. This three-and-a-half-day mission succeeded in providing 54 patients with 60 total hip and knee replacements.

Stryker volunteer, Daniel Hill, shared this story from his time on the Panama mission: "On Monday I stepped outside to call my wife. During our conversation, a local man approached me who seemed eager to talk to me. I put my phone aside and shook the man's hand. He told me that his wife had just had her knee replaced and how much it was going to change their lives. He hugged me for a long time, crying. He said that we were beautiful souls doing beautiful things for people we didn't even

know. I will never forget that man or his words, or the way that made me feel."

We're constantly inspired by stories like Daniel's and our employees across the world who volunteer their time to make a difference in the lives of others. Giving and volunteerism is part of our corporate DNA, and as we work to increase access to care around the globe, we'll keep supporting Operation Walk and the amazing surgeons who make its mission possible.





Healing smiles, helping surgeons

Operation Smile believes that every child suffering from cleft lip or cleft palate deserves exceptional surgical care. At Stryker, we believe the same. That's why we support their efforts to provide critically-needed surgical care for children with cleft conditions in low-and middle-income countries.

Stryker supports Operation Smile financially, but we're driven and uniquely positioned to offer more—so that's what we do. Over time, our partnership with Operation Smile has extended to hands-on training. By supporting the development of education and training programs for surgeons, we're helping Operation Smile multiply their impact, and empowering professionals to carry on the good work being done.

These surgical training programs are locally focused and provide comprehensive medical education to residents and surgeons. This means that the surgeons we equip can then equip others and create a ripple effect worth smiling about.

With Stryker's support, which includes cash and gifts in kind, Operation Smile has been able to deliver the highest quality surgical care to the world's most marginalized populations, and grow its reach to more than 60 countries worldwide. Making healthcare better is our mission, but it doesn't belong to us alone. We actively seek partnerships with organizations that align with that mission—like Operation Smile—because making healthcare better often requires a collaborative effort.

Building a sustainable workforce

We encourage, value and leverage the differences in people and perspectives to make healthcare better. Employee engagement is extremely important to us. By listening to our employees through feedback given in annual workplace surveys we hear directly from them what they feel is important and continually improve our culture. In 2018, 97% of our employees shared their thoughts about our workplace culture. The near universal participation of our employees reflects our organization's strong commitment to engagement. Additionally, we scored in the 89th percentile for the question, "At work, my opinions count," which we identify as one of the key drivers of employee engagement.

We also know that fostering best-practices in manager-team relationships builds employee trust. We offer a variety of tools and trainings to equip our managers to drive business outcomes and employee engagement. We host a series called the Engagement Learning Series designed to provide education on a variety of engagement-related topics and keep a focus on engagement throughout the year. Sessions cover the foundations for accelerating engagement, how to use action planning and tying engagement to business outcomes. The sessions are open to all employees, and we record and post them on our intranet community. More than 3,248 managers participated in 2018.

Our Employee Resource Groups (ERGs) act as strategic partners to the business by promoting a culture of diversity and inclusion. Our ERGs include: Stryker Women's Network (SWN), Stryker's Allies for Equality (SAFE), Women in Stryker's Engineering (WISE), Stryker's African American Network (SAAN), Hispanic/Latino network (SOMOS), Stryker's Emerging Professionals (SEP) and Stryker's Veterans Association (SVA).

At Stryker, Diversity and Inclusion is an imperative supported and driven by leadership. In 2019 our Chairman and CEO, Kevin Lobo, signed the CEO Action for Diversity & Inclusion™, the largest CEO-driven business commitment to advance diversity and inclusion within the workplace. Kevin is focused on driving diversity and creating an inclusive environment and this commitment is driven by the understanding that diversity and inclusion is a societal issue that CEOs must play a critical role in addressing.



"I was inspired to sign the CEO Action for Diversity & Inclusion pledge because diversity and inclusion are business imperatives that align with our mission and values," said Kevin. "We must continue to create a workplace that encourages everyone to contribute to their full potential and mirrors the diversity of our customers and patients."

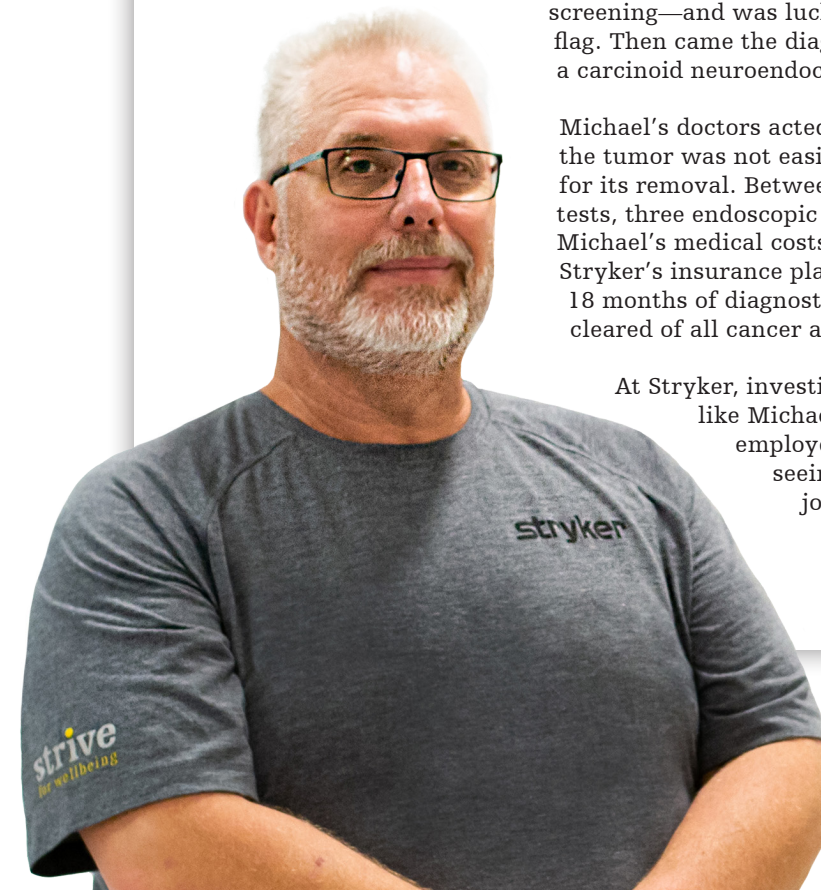
Strive saves lives

Like thousands of Stryker employees, Michael Pearson participates in Strive—our employee wellbeing program closely tied to our company's mission. Michael is a Senior Test Technician with Stryker's Instruments division and frequently earned points through the program.

As part of Strive, Michael registered himself for biometric screening—and was lucky he did. The test results raised a red flag. Then came the diagnosis: a very rare form of cancer called a carcinoid neuroendocrine tumor.

Michael's doctors acted swiftly, and although the location of the tumor was not easily operable, a procedure was scheduled for its removal. Between five doctors, four hospitals, numerous tests, three endoscopic procedures, PET scans, MRIs and more, Michael's medical costs would have surpassed \$100,000, but Stryker's insurance plan covered nearly 80% of that cost. After 18 months of diagnostics and procedures, Michael was finally cleared of all cancer and is now in observatory care.

At Stryker, investing in people means investing in people like Michael—a person who is more than an employee, but a friend, relative and neighbor. By seeing individuals as more than their role or job title, we're better able to serve them, support them and, occasionally, help save their life.





Resource efficiency

A material difference

Our world's resources aren't unlimited—that's why we're making the most of what we've been given

With this in mind, our teams are proactively working to reduce both what we use and what we leave behind. We're tracking our progress and installing global reporting systems, setting goals for manufacturing and looking at our use of resources across the business. We're also partnering with our customers to reduce what is left behind in landfill waste and grow resources that will help the planet, like national forests.

Steps we're taking

Considering our total footprint

Our 2018 Carbon Disclosure Report rating was a "B" illustrating continued improvement and above average in our peer group. CDP, formerly the Carbon Disclosure Project, is a global disclosure system enabling companies to measure and manage the environmental impact of their business. By measuring our progress with this system, we're able to strategically monitor our footprint.

Setting goals

This year, every manufacturing plant has a waste reduction goal of at least 10% built into performance objectives.

Certifying our facilities

We recognize that our offices and manufacturing facilities have an impact on the communities in which they are located, and the world's health. By working with accrediting organizations to evaluate and certify the environmental impact and sustainability of our buildings, we commit to protecting natural resources and supporting our employees and their communities. The following Stryker locations have been certified by Leadership in Energy and Environmental Design (LEED), a green building rating system; and Building Research Establishment Environmental Assessment Method (BREEAM), a sustainability performance rating system:

LEED:

Suzhou, China
Portage, MI, USA (2)
Mahwah, NJ, USA

Cary, IL, USA
Flower Mound, TX, USA
Arroyo, Puerto Rico, USA

San Jose, CA, USA
Hong Kong, China

BREEAM:

Venlo, Netherlands
Newbury, Berkshire, UK

Enhancing reporting

We've completed integration and training on our new EHS global software management system. This customized EHS software system allows us to report on environmental performance across our key pillars including sustainability, employee health and workplace safety.

Piloting initiatives

This year we are piloting transportation initiatives designed to reduce packaging and shift air to ground or rail. Parcels eliminated through this program are estimated to be 27,317 thus far.

In addition, employee-led green initiatives have been launched at offices around the globe. Recycle and reuse programs, rooftop beehives, cycling to work and electric vehicle charge stations are just some of the eco-friendly actions being taken.



Teaming with hospitals to reduce waste and restore forests

At Stryker, resource efficiency is considered in our own buildings and beyond them. We continuously grow our commitment to smart, sustainable healthcare and facilitate positive environmental impacts through the advancement of multiple initiatives, including our reprocessing programs.

Medical waste is inevitable, and still ends up where most waste does—in landfills. Our reprocessing programs make it possible for hospitals to significantly reduce their environmental impact. Utilizing our advanced collection system, single-use devices are collected at the hospital and regularly shipped by Stryker staff to the reprocessing facility. The devices are cleaned, inspected, tested and sent back to the hospital, avoiding unnecessary landfill waste.

But we don't stop there. Once a hospital achieves its annual collection goal for certain devices, we make a donation to the National Forest Foundation (NFF). Each participating

facility can earn up to 150 planted trees. The NFF chooses the tree planting location, prioritizing areas that are in greatest need based on environmental concern.

Since the inception of the program, we have donated thousands of trees to help restore the Ochoco National Forest in Oregon and the Coconino National Forest in Arizona. This year, we are on track to plant over 80,000 trees!

Reprocessing programs deliver immense value to U.S. hospitals, but it takes a hospital staff to make them a success. Engaged staff members are key to growing device collections, and every time they place a device in a bin, they're doing their part and proving their commitment to a better, more sustainable world.

Together with our customers and NFF, we're keeping more waste out of landfills, putting more trees in the ground and being more efficient with the resources we've been given.



Ethics and accountability

We operate under the belief that transparency, honesty and fairness should always be paramount, without exception

At Stryker we are committed to doing what's right. Good corporate governance is essential. We conduct our affairs in compliance with all applicable laws and regulations and in accordance with the highest ethical standards.

The values we share alongside our mission embody our commitment to ethics and accountability. Integrity– We do what's right. Accountability – We do what we say. We build a shared understanding of the importance of these values by incorporating them into our leadership practices and through comprehensive quality and compliance procedures and training programs.

At the forefront of our organization is a winning team that measures the success of the Company not only by financial growth, but by how well we meet our own high standards of accountability. Our Board of Directors is elected annually and consists entirely of independent directors (with the exception of our Chairman and CEO, Kevin Lobo). Together, the Board of Directors combines education, experience and a rich history of commitment to Stryker in making decisions that benefit our Company, our shareholders, and ultimately, the lives of the patients we serve.

Unwavering quality, ethics and compliance

Our training programs empower employees to make sound business decisions through education and collaboration. Training and communication are focused on providing our employees with education on policies, procedures and guidance which facilitate ethical business practices. Auditing and monitoring of our business activity allow us to drive continuous improvement in support of Stryker's core values, and our legal and ethical standards. Together, these programs create a culture which guides employees to be personally accountable for compliance and to champion ethical behavior.

We have an Ethics Hotline providing all employees and business partners an avenue to report concerns of improper or unethical behavior in a confidential, and if desired, anonymous manner. For situations that require anonymity, employees and business partners may call a toll-free number or go online to report their concern, access updates to issues they previously reported or share additional information as an investigation proceeds. All reports are promptly investigated by a fair and unbiased team and any retaliation against any employee or business partner for reporting a violation is not tolerated. One of the things that makes Stryker so special is the safe environment we've built, and we'll do what it takes to maintain that high level of trust in our workplace.

At Stryker, **quality is first in everything we do.** We are driven to make healthcare better for our customers by providing innovative products and services that meet regulatory requirements through our effective quality system.



Leadership

Our commitment to ethical conduct extends across our organization, from our Board of Directors and leadership team, to every employee around the world.



Board of Directors



Leadership team

Corporate governance practices

Stryker is committed to exercising good corporate governance. Our policies and practices in this regard include the following:

- Proxy Access for Director Nominations
- Majority voting in uncontested elections
- The Lead Independent Director position entails significant responsibility related to Board leadership and governance
- All directors are independent other than the CEO
- Regular executive sessions of independent directors
- All members of Board Committees are independent
- Multiple Audit Committee members are "audit committee financial experts"
- Annual Board and Committee self-evaluations
- Annual independent director evaluation of the Chairman and CEO
- Active Board and Committee oversight of risk and risk management
- Commitment toward corporate social responsibility and sustainability
- No use of corporate funds for political contributions and careful oversight of lobbying activities
- No "poison pill" takeover defense plan



Product lifecycle innovation

Made of more

Making improvements today that will become tomorrow's standard

The lifecycle of a product from design to launch, to manufacturing and reprocessing leaves a footprint on our world. We know that thoughtful planning can improve the impact we have on people and the planet. Our Research and Development, Global Quality Operations and Sustainability Solutions teams across the world are working to use environmentally sound materials where possible, support sustainability and improve safety.

Product materials

Focusing on the materials used to build our products, we continue to drive improvements in our company-wide processes. We do this by ensuring new product launches are designed to the latest regulations and standards. In 2018, forty products were launched under these processes. We've implemented procedures and tools for the reporting and management of key waste streams such as electronic waste and batteries, in support of the recycling and environmentally sound management of these materials at end of life. Additionally, we're building toward future regulations through projects that address upcoming restrictions under EU RoHS, the restriction of hazardous substances in electronic equipment; and EU Medical Device Regulation to assess and substitute hazardous substances.



Improving safety

Spreading truth about surgical smoke

It's such a startling statistic, many people can't believe it's true: One day in the operating room can have the same impact as smoking up to 27 unfiltered cigarettes¹.

Surgical smoke happens when human tissue is contacted by lasers or electrosurgical devices, causing a toxic plume. In the United States, more than 59 million surgical procedures are performed every year, 85 percent of those procedures use laser or electrosurgical devices². The risks it carries include chronic bronchitis, carcinoma, leukemia, cardiovascular dysfunction and more.

The dangers of surgical smoke have been well-documented, yet regulations requiring facilities to evacuate surgical smoke are just emerging as states begin to take notice. As part of our mission to make healthcare better, Stryker is taking strong and active steps to make the OR a safe place for patients, surgeons and staff by:

Raising awareness

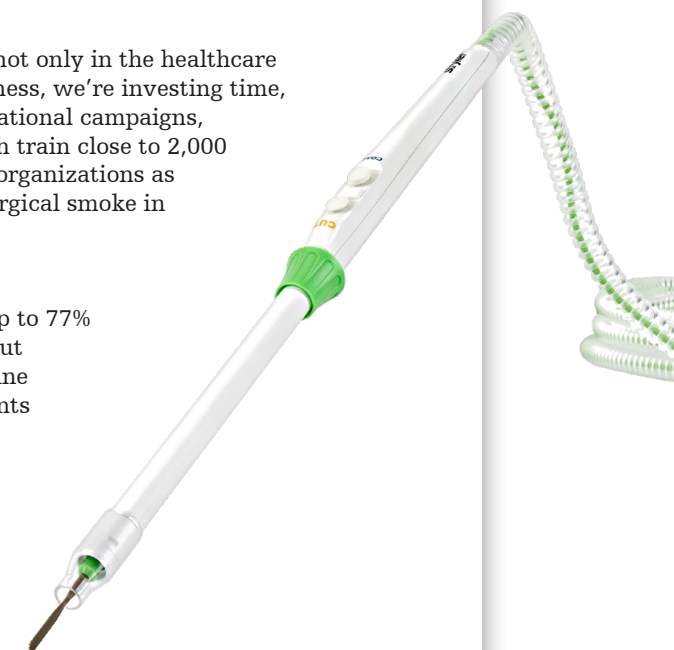
Surgical smoke is a threat every person should know about—not only in the healthcare setting but also across the general population. To raise awareness, we're investing time, energy and resources into supporting this cause through educational campaigns, sharing real experiences and conducting MedEd courses which train close to 2,000 nurses per year. In addition, we are partnering with nursing organizations as they work to change policies to strengthen protection from surgical smoke in the workplace.

Bringing innovation into the OR

Surgical masks filter some particles, but not nearly enough. Up to 77% of the particles in surgical smoke are not adequately filtered out by standard surgical masks,³ which is why we offer the Neptune SafeAir Smoke Evacuation Portfolio, designed to protect patients and staff from surgical smoke.

If patients walked by their surgeon smoking a cigarette at the hospital, they'd be stunned. But that's the same risk professionals take when stepping into the OR without proper safety technology. The United States has banned smoke on airplanes and restaurants—and our society is healthier for it. It's about time the same happened in the OR.

One day in the OR can have the same impact as smoking up to **27 unfiltered cigarettes**



1 – Hill D, O'Neill J, Powell R, Oliver D. Surgical Smoke - a health hazard in the operating theatre. A study to quantify exposure and a survey of the use of smoke extractor systems in UK plastic surgery units. *Journ Plas Reconstr Aesthet Surg*. 2012; 65(7): 911-6.

2 – Ball K. No smoking in the OR. *Outpatient Surgery*. 2003. www.outpatientsurgery.net/_media/pop/print-article?id=4814. Accessed September 6, 2019.

3 – Katoch S, Venkataram M. Surgical Smoke in Dermatology: It's Hazards and Management. *J Cutan Aesthet Surg*. 2019 Jan-Mar; 12 (1): 1-7.



Responsible supply chains

We demand a higher standard

We are committed to conducting our affairs ethically and lawfully and we expect that businesses we associate with will do the same. We therefore strive to select suppliers and vendors that share our commitment to honesty, integrity and corporate responsibility.

Supplier diversity

We believe a strong supply base should be made up of diverse companies, similar to the diversity of our employees, our customers, and the communities in which we live and work.

Our supplier diversity champions, key sourcing personnel located at our largest North American sites, lead us in realizing the benefits of a diverse supply base by developing awareness and processes focused on the consideration of minority-owned, women-owned, veteran-owned, LGBTQ-owned, and small businesses in our sourcing activities. In addition to these internal activities, we participate in outreach to and the development of diverse suppliers through our partnerships with the National Minority Supplier Development Council (NMSDC), the Women’s Business Enterprise National Council (WBENC), and several regional organizations.

In 2018 our North American operations spent more than \$228 million with minority, women, and veteran-owned businesses and an additional \$621 million with small businesses that directly supported the manufacture and delivery of our products.



Supplier Code of Conduct and Purchase order terms and conditions

Our Supplier Code of Conduct and PO Terms and Conditions communicate the expectations we have for our suppliers in several key areas and strict adherence is a requirement for doing business with us.

Supply base transparency

Stryker believes in the global protection of human rights in our own facilities and within our global supply chain. Strict adherence to laws and high ethical standards are required. Violations of applicable law and regulations such as the use of child and compulsory labor, slavery and human trafficking, unsafe and hazardous working conditions are strictly forbidden. We expect our suppliers to share this commitment to human rights and equal opportunity in the workplace and require that they conduct their employment practices in full compliance with all applicable laws and regulations. For more information please see our disclosures in response to the California Transparency Act and UK Modern Slavery Act. Additionally, we believe in the responsible sourcing of the materials that go into our products, including those that may come from Democratic Republic of the Congo and surrounding nations. Our efforts in this area as well as our SEC Filings can be found in our statement on Conflict Minerals.

Visit [Stryker.com/CR](https://www.stryker.com/CR) to access our supplier governance.



Together with our customers,
we are driven
to make healthcare better.