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October 17, 2008

FOR INFORMATION

To: The Board of Governors of Exhibition Place

From: Dianne Young  
Chief Executive Officer

Subject: **Steritech Pest Control Environmental Stewardship**

**Summary:**

This report provides an overview of the environmental program of the Board's pest control service provider, The Steritech Group (Steritech) that was provided by Steritech as a compulsory requirement of the Board's RFQ. From a review of all RFQ for this bid, Exhibition Place staff concluded that Steritech is a leader within the industry to promote sustainable processes and products.

**Financial Impact:**

There is no financial implication arising from this report.

**Decision History:**

At its meeting on September 19, 2008, the Board approved entering into a service agreement with Steritech Pest Control Services subject to a favourable review by staff with respect to the environmental aspects of the service provider.

**Issue Background:**

On July 29, 2008, Exhibition Place through the services of the City of Toronto issued a Request for Quotation to establish a new agreement for the provision of pest control services commencing October 1, 2008. Paragraph 19 of that RFQ specifically asked bidders to indicate if their bid offer products and/or services with environmental benefits outside of any specifications called for in the RFQ, and if so to identify the environmental benefit of the product/service offered. Bidders were then referred to the Board of Governors of Exhibition Place's Environmental Favourable Procurement Policy which was included in the RFQ.

**Comments:**

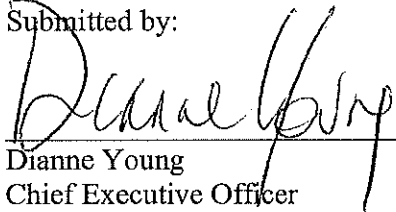
In its response to the RFQ, Steritech indicated that it is their philosophy that pest prevention can be entirely effective and possibly even more effective in the long run, with less reliance on

pesticides and more emphasis on inspection and monitoring programs. Steritech believe that pests can be eliminated and prevented without overusing or unnecessarily applying pesticides. They are the first company to introduce and focus on EcoSensitive solutions to pest control through strong emphasis on mechanical devices (non-chemical) and structural and sanitational recommendations. Steritech has passed the rigorous pest prevention requirements for LEED certification at many of their properties. Attached as Appendix A to this report is Steritech's full environmental program.

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Submitted by:



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Dianne Young  
Chief Executive Officer



# **Environmental Stewardship: The Steritech Model**

*The Steritech Group, Inc.  
August 2007*

## WHO WE ARE

The Steritech Group, Inc. was founded in 1986 as a commercial pest elimination company. The name Steritech comes from the words “sterilization technology,” reflecting our positioning as a public health and safety services provider.

In December 1985, John Whitley, having served as president of the U.S. division of a successful pest control company for 18 years, saw an opportunity to offer a premium service using advanced techniques and highly trained service specialists. “We felt that we wanted to start a company where the focus was on people,” John says. “People deliver the service and are what makes an organization great.”

The highly regulated hospitality, health care, food processing and supermarket industries were selected as primary markets for business and Steritech quickly earned a reputation for providing a quality service. In the years since, Steritech has become recognized as a pioneer in the pest management industry, in large part because of the development of our proprietary EcoSensitive® Pest Prevention System, an environmentally responsible form of pest management. In 2007, Steritech was ranked as the 13<sup>th</sup> largest pest management firm in the United States on *Pest Control Technology's* Top 100 list. It is one of three commercial-only companies on that list.

In the late 1990s, Steritech’s food safety business was born. At the request of a client, Steritech began to

perform sanitation audits as an augmentation of our services. Under the direction of a small but capable staff, these “sanitation audits” grew and evolved into the earliest versions of today’s food safety audit. Today, Steritech’s Food Safety Division performs over 50,000 audits a year for clients in 30 countries.

Steritech’s history continues to be written every day by our employees – because at Steritech, our people are our most important asset, providing important services to 200,000 locations in 30 countries. We are committed to long-term partnerships and understand that our clients’ success is our success. There is no substitute for genuine care and concern for our clients’ well being. We truly believe putting that philosophy into action every day will continue to differentiate Steritech as we move into our third decade in business.

## WHAT WE BELIEVE

Steritech’s Leadership Team, a group comprised of several Steritech senior officers and department heads, works in conjunction with Steritech’s Board of Directors to guide our company’s business, vision and goals.

The Leadership Team has distilled the philosophy of the company into seven Core Values. These Core Values are the guiding principles behind the actions of management and employees. They serve as the touchstone that we use for evaluating whether every

decision, initiative or goal is in alignment with our Leadership Agenda.

These Core Values are:

- People
- Innovation
- World Class Service
- Lifetime Clients
- Fiscal Responsibility
- Corporate & Environmental Responsibility
- Delivering On Our Promises

## WHAT WE DO

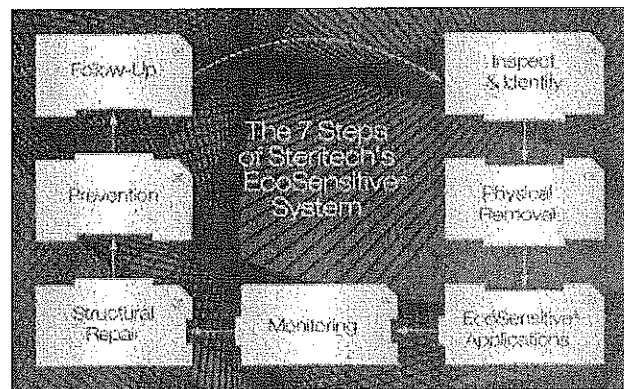
Since Environmental Responsibility is one of our Core Values, Steritech has in place and continues to seek out actions that minimize our environmental footprint. We recognize that we have a significant environmental responsibility because one of our primary services is pest prevention. Our activities in this area can profoundly affect the environment; therefore, a substantial commitment to environmental responsibility is needed to minimize the potential impact while still delivering on our promises.

This commitment is the foundation for Steritech's Environmental Stewardship program, which focuses on the following areas:

- EcoSensitive® Pest Prevention
- Active Participation in EPA's Pesticide Environmental Stewardship Program
- Industry-wide methyl bromide reduction efforts
- Product and technique innovations to reduce pesticide usage
- Emissions reductions through more energy efficient service vehicles and route optimization
- Conservation efforts resulting in reduced energy and paper usage
- Recycling programs and the use of recycled materials
- Environmental clean-up campaigns

## EcoSensitive® Pest Prevention

Steritech uses our proprietary EcoSensitive Pest Prevention System to eliminate pests without unnecessarily applying or overusing pesticides. Simply, this means that precise product applications are used only when necessary in response to detailed inspection and monitoring. We focus on correcting structural, storage and sanitation deficiencies to help prevent re-infestation. During service, minor structural repairs are made to eliminate harborage areas and entry points. It is a more intelligent approach to pest prevention – safe, yet highly effective.



This system involves a seven-step process, of which only one step involves the application of pesticides. Although "inspect and identify" is always the first step in an integrated program, the other steps may be taken in varying order according to the situation and environmental factors. Certain steps might be repeated at multiple points in the process; for example, monitoring might occur at the beginning, middle and end of the process.

### The Seven Steps of EcoSensitive Pest Prevention

- Inspect and Identify
- Monitoring
- Physical Removal
- Structural Repair
- Prevention/Client Cooperation
- EcoSensitive® Applications
- Follow-Up

## Pesticide Environmental Stewardship Program (PESP)

The U.S. Environmental Protection Agency (EPA) established the Pesticide Environmental Stewardship Program in 1994 as a voluntary partnership program to reduce pesticide risk. By joining PESP, organizations pledge that environmental stewardship is an integral part of pest management and commit to working toward innovative practices that reduce risk to human health and the environment. For example, many PESP members are adopting the use of biological pesticides or biopesticides, such as microbial pesticides, pheromones, or natural compounds, which target specific pests and generally pose little or no risk to humans or the environment.

In addition to promoting the use of biopesticides, PESP advocates the adoption of integrated pest management (IPM) programs or practices. IPM is the coordinated use of pest and environmental information in combination with available pest control methods to prevent unacceptable levels of pest damage by the most economical means and with the least possible hazard to people, property, and the environment.



*Steritech has been a member of the U.S. Environmental Protection Agency's Pesticide Environmental Stewardship Program since 1998 and was the first structural pest management firm to be recognized by the organization for excellence in reducing the risks associated with pesticide use.*

Between 1994 and 2004, membership in PESP increased from six charter members to 150 members. By joining PESP, members demonstrate their organization's commitment to environmental stewardship. PESP members take a strategic approach to reducing pesticide risk by undertaking specific, measurable activities. The strategy process keeps all participants focused on the goal of pesticide risk reduction. Each year, EPA issues guidance to PESP members on how to develop strategies for the coming year and report their progress in reducing pesticide risk during the previous year.

Steritech joined PESP in 1998. In 1999, Steritech was the first structural pest management organization recognized with PESP's Excellence Award (now called the Champion Award) for reducing the risks associated with pesticide usage. PESP recognized Steritech again in 2005 with their Champion Award.

"The Steritech Group, Inc. was selected as a Champion based on its outstanding efforts promoting integrated pest management and environmental stewardship," said Susanne Cerrelli, Steritech's PESP Liaison and Regulatory Action Leader of the Microbial Pesticides Branch, Biopesticides Pollution Prevention Division of the EPA. "We applaud Steritech's continuous efforts to explore and test innovative pest management or prevention strategies, including the use of sanitary and heat procedures as alternative to methyl bromide treatments, and improved insect monitoring programs for reducing exposure to pyrethroid dusts."

The PESP program requires that participants identify well-defined and measurable goals. Three major Steritech goals are to:

- Reduce the use of toxic rodent bait blocks by 60%;
- Reduce the amount of contact pyrethroid sprays by 50% and substitute a natural product; and
- Reduce the amount of specific cockroach gel baits by 40% through the use of improved insect monitoring and inorganic insecticidal dusts.

Steritech is making progress on all of these fronts. Toxic bait block usage has been reduced by 35%, pyrethroid spray usage has been reduced by 50%, and a cockroach gel bait usage reduction of 27% has been achieved. We are committed to pursuing these goals to their completion.

In the future, Steritech will submit five-year goals to PESP and continue to work to achieve these and other established goals to protect the environment and the people we serve.

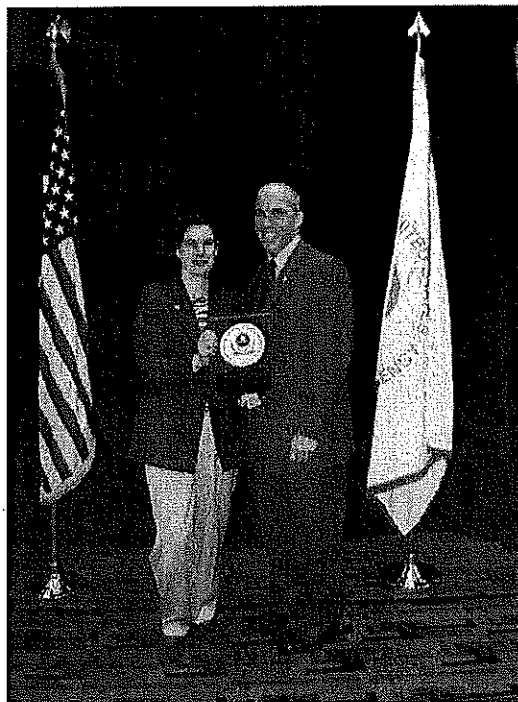
### Industry-Wide Methyl Bromide Reduction

In 2004, Dean Stanbridge, Technical Director and Vice-President of The Steritech Group, Inc.'s Canadian operations, was awarded the EPA's Stratospheric Ozone Protection Award for his work in reducing methyl bromide usage around the world.

One of the most widely used pesticides in food processing around the world, methyl bromide has been shown to seriously deplete the stratospheric ozone layer. Depletion of the ozone layer has been directly linked to increased skin cancer rates and damage to crops and marine life worldwide.

As a member of the Canadian Industry/ Government Working Group on Methyl Bromide Alternatives, Stanbridge worked with members of the Canadian government to develop alternative methods of pest management for the food processing industry.

Stanbridge is a recognized expert in fumigation alternatives and has been recruited by the United Nations to educate third-world countries on methyl bromide alternatives, including Indonesia and Bulgaria. His 2003 proposal advocating integrated pest management (IPM) for Indonesian food processors was accepted by the United Nations as a viable alternative to methyl bromide usage, a first in the history of the United Nations. His individual work with more than 20 food processing plants around the world has helped to directly reduce methyl bromide use by more than six tons over a five-year period.



*Dean Stanbridge (right) was awarded the United States Environmental Protection Agency's Ozone Protection Award in 2004 for his worldwide work in reducing methyl bromide use.*

### Product & Technique Innovations

Steritech is continuously seeking new innovative techniques and products to solve pest-related issues that can reduce our reliance on traditional pesticide applications. We continually research and field-test low-impact products, study their viability, and incorporate the most effective products into our pest prevention programs.

#### CleanBlitz®

One example of such an innovation is CleanBlitz®, a liquid microbial product that eliminates sanitation issues that can attract and allow fruit flies to breed, such as organic matter build up in floor drains and organic debris in other areas. By utilizing naturally occurring bacteria to destroy organic debris, the need for high-impact fogging and spraying measures

is reduced and often eliminated. Steritech introduced CleanBlitz to our product line in 2003.

In 2007, the second generation of CleanBlitz was unveiled in a new tablet formulation. Packaged in small foil packets, CleanBlitz Tablets eliminate waste that occurs through overpouring of liquids, as well as the need to use and dispose of 1-gallon plastic bottles. By utilizing a light tablet formulation, we also reduce the energy and fuel required for shipping. The new CleanBlitz Tablets remain an ultra-effective, environmentally sensitive way to eliminate sanitation issues that can lead to fruit fly infestations.

Fruit flies are one of the most common pest issues in commercial facilities. Because these pests have a rapid life cycle, they can literally breed and produce large populations overnight. Taking preventive actions to eliminate these pests also reduces the need for return visits, meaning less vehicle travel time and resultant carbon dioxide emissions.

#### Mattress and Box Spring Encasements

In the spring of 2007, Steritech endorsed the use of a mattress encasement product for mattresses and box springs that are installed in rooms that have been treated for bed bugs. Encasing the mattress and box spring prevents these items from becoming infested should bed bugs be introduced, eliminating the need for additional treatments to remove the pests or the need to replace mattresses and box springs that have become infested. Steritech has also explored several non-toxic treatment methods: heat, freezing and steam. At this point, these methods are not as effective as treatments with pesticides. However, we have tested several different products and have changed our liquid residual product to a lower-impact option. We are currently working on a similar project with the dust formulation that we use for bed bugs.

#### Parasitic Wasps for Fly Prevention

In the spring of 2006, Steritech introduced a large fly prevention program that involved the use of parasitic wasps. We conducted several tests and found that parasitic wasps can reduce large fly infestations without significantly impacting the ecosystem. Wasp pupae are placed near and within fly breeding sites.

The adult parasitic wasps emerge quickly and begin to attach to the fly pupae, laying their eggs in the fly pupal cases. As the wasp eggs develop into larvae, they eat the fly pupae, destroying them and preventing flies from hatching, thus reducing the overall fly population. New wasp pupae are introduced as necessary until fly populations are eliminated.

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***Steritech tests found that parasitic wasps were an effective way to reduce large fly populations without significantly impacting the ecosystem.***

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Using another insect to reduce or eliminate the population of flies means that we can reduce the need for large broadcast applications in accounts where this option is exercised. While we have not yet converted all accounts to this system, we feel that it has great promise and will reduce pesticide use.

#### Ant Protocol

In July of 2007, a revised version of our ant protocol was issued. In this protocol, we eliminated any preventive use of ant products, including baits, in geographic areas where there is very little ant pressure. While we have not had enough time to see an impact of this change, this should be a metric by next year at this time.

#### Emissions Reductions

Steritech operates a fleet of over 500 service vehicles. Since our services are performed remotely, there will always be a need to drive to locations in order to provide service. However, Steritech acknowledges that travel done in the most efficient way possible can help us to meet our goals for environmental stewardship.



We achieve this in two major ways:

- Using fuel-efficient or hybrid vehicles
- Route optimization to decrease travel times

As of July 2007, Steritech's fleet consisted of 505 vehicles. In May 2004, Steritech began use of our first hybrid vehicle, a Toyota Prius. Increasing fuel costs have incited an increased demand for of this vehicle, making fleet purchases of the Prius difficult. Currently, Steritech operates 3 Prius vehicles and plans to convert more vehicles to this fuel-efficient, environmentally friendly vehicle as the Prius become more readily available.

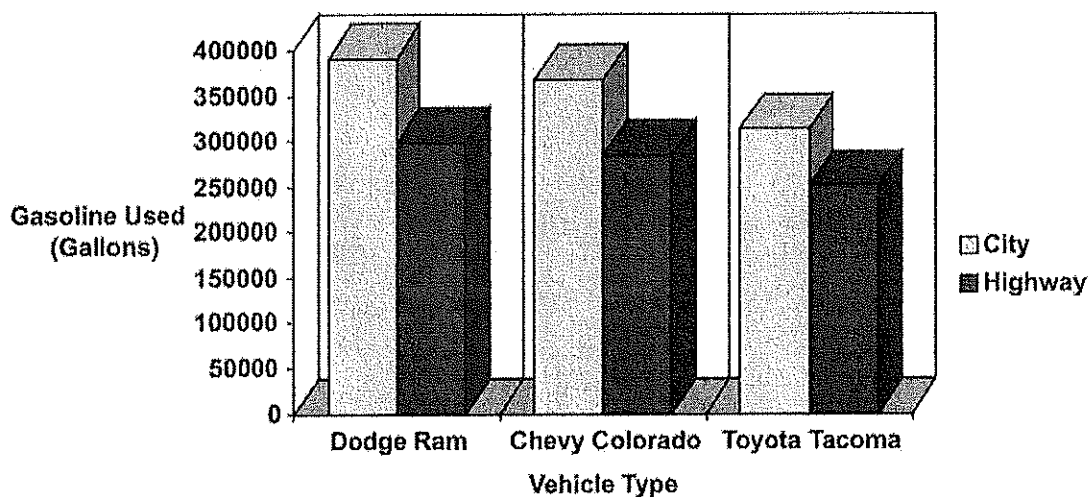
Our other service vehicles, Toyota Corollas and Tacomas, are chosen to maximize fuel economy with the minimum required engine size. These small, fuel-efficient cars and trucks provide outstanding fuel economy. The American Council for Energy Efficient Economy rates vehicles on their environmental impact properties. Their list of the Greenest Vehicles of 2007 included both the Toyota Prius and the Toyota Corolla, with superior ratings. These two vehicles combine to make up approximately 20% of

the Steritech fleet. In the compact truck category, the Toyota Tacoma tied for 1<sup>st</sup> with an above average rating. These vehicles comprise an additional 60% of the fleet.

In 2006, Steritech's Pest Prevention Division Specialists drove 6,262,000 miles. By choosing highly fuel efficient, but somewhat more expensive vehicles, we have reduced our usage of fossil fuels significantly. The Toyota Tacoma is about 3 miles per gallon more fuel-efficient than the top selling model in this category, the Chevy Colorado. Choosing the Tacoma over the Colorado resulted in fuel savings of over 50,000 gallons in 2006 alone.

Technology has enabled Steritech's scheduling and logistics to advance beyond what could be imagined when the company began. Using mapping software, GPS technology and proprietary scheduling software, Specialists' routes are optimized to minimize miles traveled. When an extra visit is required at a service location, every effort is made to combine this with work in the area in order to optimize the travel time.

**Steritech Gasoline Usage Vs. Competitor\***



\* Estimated vs. largest competitor, based on 6,262,000 miles driven using MPG ratings as issued by The American Council for Energy Efficient Economy.

This makes great business sense, because our employees' time is used most efficiently and fits perfectly with our Core Value of environmental responsibility.

## Conservation

### Paper

#### *OnBrand Mobile Technology™*

Until 2002, Food Safety Audits were written on triplicate carbon copy paper and were frequently faxed to ensure rapid access to the data generated. One copy of the report was also mailed to Steritech's Corporate Office. In January of 2002, Steritech implemented an innovative set of proprietary software, now known as OnBrand Mobile Technology™, which allows Specialists to print one copy of an audit report on site and upload the audit data electronically to a central website. This eliminates the need for triplicate copies, faxing and mailing, amounting to paper savings of greater than 66%, because handwritten reports were also longer than printed reports.

In addition, hard copies of all audit results were printed for customers at the end of every audit round. Since the inception of the new system, hard copies of audit results are provided in summary and location specific audit results are available via a web-based interface.

In 2007, Steritech's OnBrand Mobile Technology initiative was expanded to the Pest Prevention Division. Our previous system relied on duplicate carbon

copy forms, one of which was kept with the client, the other at our offices. Because many Specialists work remotely, service reports were also faxed daily. OnBrand Mobile Technology has drastically reduced paper consumption, requiring only one copy to be printed for the client; our offices now receive secure, digital copies via upload from Specialists, eliminating the need for faxing and mailing. The new system also allows us to use digital route lists, calendars and service plans, each of which were previously printed, some on a monthly basis. This represents an estimated 50% reduction in paper used.

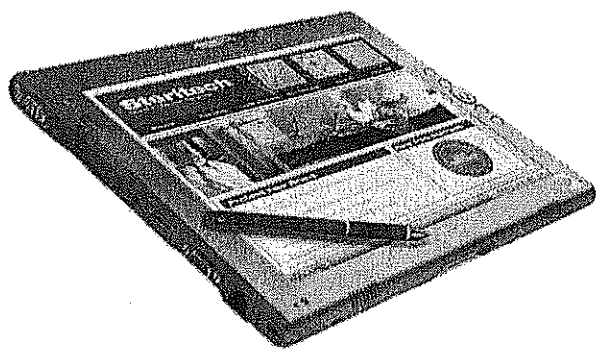
The OnBrand Mobile Technology project team is working on the development of a Branch Manager Portal that will allow dashboard-type access to many useful reports. Currently, a branch manager may print these reports, but with the new portal, these reports will be updated in real-time and available electronically.

#### *MSDS CDs*

In the spring of 2006, the Pest Prevention Division began an initiative to reduce the paper being used to leave copies of product labels and Material Safety Data Sheets (MSDS) that are or may potentially be used in an account, as required by law. In an effort to reduce paper consumption, Steritech contacted every state in which we do business and found that with the exception of New York, a digital copy would be accepted in non-food processing type accounts. Steritech mass produced a CD with this information on it and began distributing it, eliminating the need for paper records that averaged 70 pages. To date, we have distributed approximately 3000 CDs. New York recently announced that it will accept digital copies, which will result in additional savings. We have hopes that in the future, third party audited accounts will also accept digital copies, thereby reducing our paper use even more.

#### *Billing*

Over six years ago, our Corporate Office eliminated sending separate statements and invoices to clients, instead opting to send a combined invoice and statement together. This saves around 100,000 sheets of paper and envelopes each year.



*Steritech's OnBrand Mobile Technology platform has resulted in significant paper savings.*

Steritech also performs electronic billing for clients at their request.

### Energy

Computers, a significant part of business life, account for a large percentage of energy consumption. At Steritech, nearly all computers now use LCD screens, a much more energy efficient option than older cathode ray tube (CRT) monitors. Old monitors are recycled or donated.

Window tinting has been installed on the southern facing walls at our Corporate Office to reduce heat absorption. This has drastically impacted the heat build up in our offices and thus has an impact on the use of energy consumption through air conditioning and the related environmental by-products.

In addition, our Corporate Office uses energy efficient light bulbs, with outside security lights operated by a timer and outside regular lighting activated by light sensors.

### **Recycling**

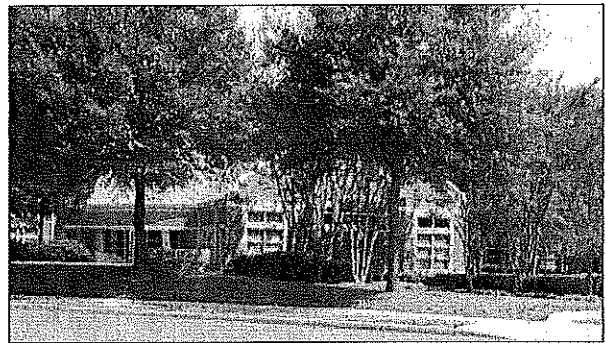
Steritech actively recycles and utilizes recycled products. For instance, all Steritech's envelopes and letterhead paper are printed on 100% post-consumer recycled paper. Food safety audit reports are printed double-sided on 30% post-consumer recycled paper. Pest control service reports are currently printed on thermal paper, which is not available with recycled content, but we intend to seek options in this area.

Marketing materials are printed on either 30% or 100% post-consumer recycled paper, using soy-based ink rather than petroleum-based ink.

In addition, Steritech's main printer, Metrographics, is currently seeking certification through the Forest Stewardship Council, a non-profit organization devoted to encouraging the responsible management of the world's forests. This is a rigorous process that requires products used by the printer to have chain-of-custody certification to ensure supplies come from organizations that are practicing forestry in an environmentally responsible, socially beneficial, and economically viable way.

We currently recycle paper products at our Corporate Office and have done so since 2003. Steritech uses Shred-It, a national recycling organization. Shred-It has documented Steritech's recycling loads, which have resulted in over 43,400 pounds of paper being recycled – an estimated saving of 217 trees.

At our Corporate Office, we also recycle all ink and toner cartridges.



*Steritech's Corporate Office in Charlotte, NC, serves as model for many of our company's environmental stewardship programs and volunteer efforts.*

### **Environmental Restoration**

At our Corporate Office, employees have voluntarily participated in the McMullen Creek clean up campaign for the past two years. McMullen Creek is part of the McAlpine/McMullen watershed, the largest in Charlotte, covering 92 square miles. The creek does not meet Federal Clean Water Standards, but Steritech is doing its part to help change that.

In the two years since Steritech began this campaign, our employees have removed 1,190 pounds of trash from the stream. In 2006, Steritech was named the Adopt-a-Stream Business of the Year in Mecklenburg County (NC) for these efforts.

## STERITECH'S FUTURE IN ENVIRONMENTAL STEWARDSHIP

As a company that takes our role in preserving our planet and its natural resources seriously, Steritech will continue to seek opportunities to lead the industry in environmental stewardship. To that end, Steritech is committed to the following goals:

- **PESP:** We will continue to partner with EPA to reduce pesticide usage through PESP, identifying and reporting on quantifiable goals in a transparent manner.
- **Emissions Reduction:** We will replace less fuel-efficient vehicles with more fuel-efficient and/or hybrid options with the goal of maintaining a completely fuel-efficient and/or hybrid fleet by 2010.
- **Conservation:** Steritech will utilize programmable thermostats within offices, find energy efficient alternative for light bulbs, continue to reduce paper usage through electronic payment systems, and identify more environmentally friendly disposal options for Insect Light Trap bulbs. We will continue to explore opportunities to reduce paper use by utilizing and developing features of the OnBrand Mobile Technology system.
- **Recycling:** We will expand our Corporate Office recycling program to branch offices wherever possible, and participate in Dell's technology recycling program to ensure computer components are reused or disposed of efficiently.
- **Restoration:** We will encourage our branch offices to become involved in local restoration programs wherever possible.
- **Clients For Life:** In our Pest Prevention Division, we know from experience that there is a direct, opposite correlation between the amount of cooperation we receive from our clients regarding our structural, storage and sanitation recommendations and the amount of pesticide we

need to apply to eliminate their pest issues. The more cooperation received, the less pesticide needs to be applied. Lifetime clients is one of our Core Values for many reasons, one of which is that we understand that by forming true partnerships with our clients, we can be environmentally responsible and help our clients to do so, as well.

Our Net Promoter program measures the satisfaction level of our clients by assessing the percentage of our clients that would recommend our services. Since we began measuring results with this program, our scores have increased from the low 60% range (62.1%) to a current level of 70.8%. To give perspective, the average company in the United States achieves a score of between 10 and 15%. Any score above 70% could be considered World Class Service.

## CONCLUSION

At Steritech we understand that environmental stewardship involves both a corporate commitment to a cleaner planet and hundreds of individual employee commitments to that same goal. To facilitate this effort, leadership must provide the resources and processes that make the correct individual choices crystal clear. Whether by developing effective protocols to eliminate pests without pesticide use, providing software to reduce paper usage, choosing fuel-efficient vehicles, or providing options to recycle, Steritech's leadership is committed to providing the right choices to not only our employees, but also to our clients and vendor partners.

While one of Steritech's Core Values is fiscal responsibility, as a privately held company, Steritech believes that the values of leadership can – and often must – take precedence over maximizing profit. It is this balance that has and will continue to allow Steritech to provide world class service in harmony with our environmental goals.

## COMPILING ORGANIZATION INFORMATION

**The Steritech Group, Inc. (Steritech)** provides specialized brand protection services for the hospitality, retail, food processing and healthcare industries. The premier provider of food safety, quality assurance and pest prevention services, Steritech is a trusted partner to many of the world's leading brands. Founded in 1986 and headquartered in Charlotte, N.C., Steritech has operations throughout North America and serves clients in 30 countries. Steritech offers the industry's most accurate and consistent third party audit program utilizing a team of highly qualified, trained and calibrated auditors. Steritech has powerful data capture and web reporting capabilities and offers its proprietary software to clients for internal auditing and reporting purposes. For more information on Steritech or the services it offers, visit [www.steritech.com](http://www.steritech.com).

