



2019 SUSTAINABILITY REPORT

Medline International B.V. (A Wholly Owned Subsidiary of Medline Industries, Inc.)

Report based on facts from 2018

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MISSION

To provide quality medical products with superior value to healthcare providers and end users, improving patient care and enhancing the quality of people's lives

VALUES

- » Committed to our customers, our colleagues and our communities
- » Open to new ideas, two-way communication and challenging the status quo
- » Relentless about continuously improving our quality, service and results, and doing so with integrity
- » Determined to do whatever it takes for our customers

LETTER FROM THE GROUP PRESIDENT



As a provider of medical supplies and solutions, Medline is deeply appreciative of the tremendous work done by healthcare professionals to make the world a better place. Recognising that we are part of the global healthcare community, Medline does its best to set a good example that complements and amplifies the positive impact of the healthcare professionals who are at the core of our business.

This is Medline's third sustainability report for our European operations, a symbol of our ongoing commitment to real progress and open communication where corporate social responsibility (CSR) is concerned. The reporting period for this sustainability report is 1 January 2018 to 31 December 2018, Medline's financial year.

OUR CSR ACHIEVEMENTS IN 2018

In the context of Medline's European operations, sustainability is synonymous with CSR.

Our CSR philosophy is informed by the view that companies in the private sector can make an important contribution towards the global sustainable development agenda, and must take responsibility for their positive and negative impacts on society. Furthermore, we have a broad interpretation of what CSR entails: tackling social, environmental and economic issues (People, Planet, Prosperity) in proportion to Medline's resources and limitations. This philosophy is reflected in the material sustainability topics that constitute the main content of this report, as well as in the priority areas of our CSR programme led by our CSR department.

In 2019 and beyond, we will continue to more closely align our CSR activities with the United Nations Sustainable Development Goals (SDGs), building on our existing commitment to the United Nations Global Compact (UNGC) and its 10 principles. Medline has been a signatory to the UNGC since 2016.

Medline's major sustainability-related achievements in Europe in 2018 included:

- » **Launching a *Diversity and Inclusion Statement*** to clearly articulate that Medline is an equal opportunity employer that aims to provide an inclusive, supportive and respectful workplace for all employees so that they can perform at their best:
 - » This spirit was reflected in our workforce composition in 2018: 66% of our employees were women, 4% were disabled and 25 different nationalities from 5 continents were represented.
- » **Maintaining our proud tradition of raising awareness of breast cancer** through:
 - » Our 2018 Pink Glove Photo Competition, which saw a record number of entries.
 - » Our partnership with Keep A Breast Europe (KABE).
- » **Working with communities in need** by:
 - » Introducing in-company meal-packing events to feed the hungry.
 - » Donating more than 17 tonnes of medical products through our partnership with International Health Partners (IHP).
 - » Supporting worthy causes with cash donations through our employee-driven local donation committees.
- » **Launching our reforestation project**, called One Container, One Tree, in collaboration with Reforest Action:
 - » We plant 1 tree for every 1 container of Medline product transported from international locations and shipped to our customers in Europe.
- » **Conducting a successful internal Medline Earth Week campaign** to celebrate International Earth Day:
 - » Activities included promoting our employee-created ride-sharing/bicycle group platform called Drive2Work.
- » Continuing to engage with our suppliers **to promote labour and human rights in our product supply chain.**

ALIGNMENT OF OUR 2018 BUSINESS STRATEGY WITH CSR

Medline's main strategic focus in 2018 was on business growth as measured by sales growth, strong financial results, new products and services launched, and the number of new employees hired to fulfil increased business requirements.

”Medline successfully executed its growth strategy in 2018 and proved resilient in the face of external challenges in the business environment.“

We made good progress in all of these areas during the 2018 financial year. We achieved our seventh consecutive year of sales growth in Europe, expanded our workforce and introduced more than 200 new products. These successes were achieved despite foreign exchange rate fluctuations and pressure to reduce costs all along the value chain in the healthcare sector.

In anticipation of the disruption and uncertainty posed by Brexit, in 2018 Medline purchased a warehouse in Bicester, United Kingdom, from which all of our customers in the UK will be served in 2019. We will continue to serve our UK customers from Bicester in the future, assuring them a stable supply of vital medical supplies no matter what transpires.

Our CSR programme contributed to our business success by delivering initiatives related to the environment, labour and human rights, charitable giving and breast cancer awareness, which enabled us to strengthen relationships with potential and existing customers interested in these topics. In addition, these initiatives were a positive aspect of our employer branding and contributed to employees' experiences and perceptions of Medline's values. Lastly, aspects of our CSR programme helped us to stay attuned to regulatory developments and requirements.

OUTLOOK FOR 2019

Medline's strategic focus for the next financial year will be to maintain our growth trajectory and offer an evolving range of effective new products and services to our customers. The implementation of this strategy will be supported and enhanced by the continued integration of CSR into our operations.



Tripp Amdur

Group President

CORPORATE OVERVIEW

MEDLINE AT A GLANCE

Medline is a strong player in the healthcare industry in Europe and globally, manufacturing and distributing a wide range of products and services. Additional information is available on our corporate website (www.medline.eu).

974

employees
in Europe

550,000

medical and
surgical products
globally

3

manufacturing
locations in Europe

5

distribution
centres in Europe

29

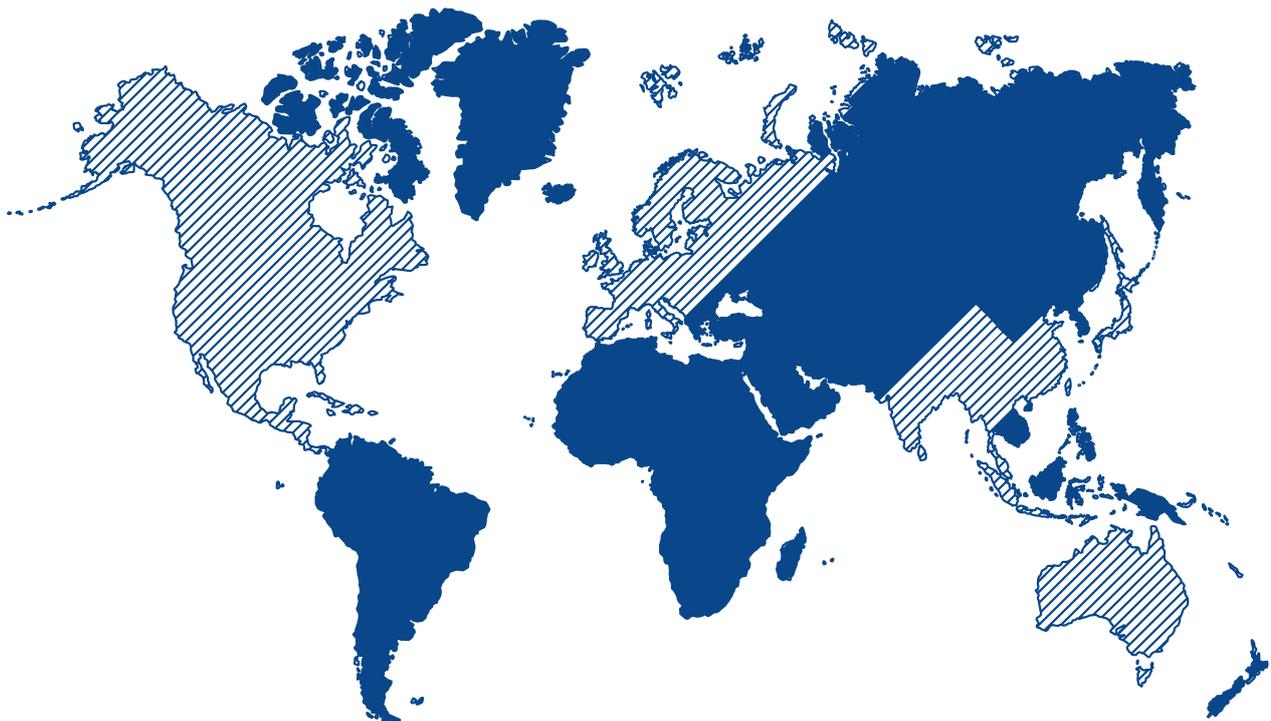
countries where
customers are
served in Europe

US\$ 11.7B

in global company
sales

Our global footprint spanning North America, Europe and other regions is illustrated below:

Medline locations worldwide



 Locations with Medline distribution centres, manufacturing sites and offices

ORGANISATIONAL STRUCTURE

Medline Industries, Inc. is a fourth generation family-owned company that is the largest privately held manufacturer and distributor of healthcare supplies and services in the United States. Our global headquarters are located in the United States in Northfield, Illinois.

Medline International B.V. (MIBV) is a wholly owned subsidiary of Medline Industries, Inc. Medline International, with corporate offices in the Netherlands, serves as our international headquarters overseeing all operations in Europe, Japan, East Asia, Australia and New Zealand. Through various local country subsidiary entities of MIBV, the Medline group operates assembly/manufacturing facilities, distribution centres and sales/distribution offices.

GOVERNANCE STRUCTURE OF THE ORGANISATION

The executive committee of Medline Industries, Inc. in the United States is the highest decision-making body for Medline's global strategy, which includes economic, social and environmental issues. Members of the executive committee are the president, chief executive officer and chief operating officer of Medline Industries, Inc.

On a regional level, the most senior decision makers for economic, social and environmental issues in Europe are, collectively: the group president, senior vice president of sales, senior vice president of finance and administration, vice president of European product divisions and the vice president of human resources and corporate social responsibility.

Medline's group president reports to the executive committee of Medline Industries, Inc. in the United States. Medline's senior leadership in Europe approved the materiality assessment that framed this report and the final version of this sustainability report.

” We take economic, social and environmental issues seriously—they are integrated into strategy and decision-making at the highest governance levels of our organisation. “

MEMBERSHIPS IN ORGANISATIONS AND NETWORKS

Medline participates in the following platforms:

- » Business in the Community (BITC).
- » MedTech Europe.
- » UNGC.

” We actively participate in strategically selected membership organisations to advance our sustainability agenda. “

AWARDS AND RECOGNITIONS

In 2018, Medline was one of a small group of specially selected companies to participate in a pilot of BITC's new Responsible Business Tracker. The tracker is a questionnaire-based tool to enable a business to measure its responsible business performance.



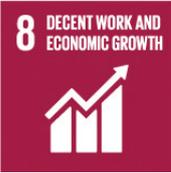
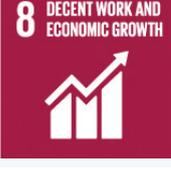
The Prince's Responsible Business Network

Participant in the Responsible Business Tracker® 2018/19

REPORT PROFILE

IDENTIFIED MATERIAL TOPICS

The following eight sustainability topics discussed in this report were identified as material in that they represent Medline's most significant economic, social and environmental impacts:

Sustainability topic in this report	Medline's contribution to the United Nations SDGs
1. Our financial performance and economic contribution	
2. Conducting business with integrity and ethics	
3. Respecting labour and human rights	 
4. Promoting the well-being of our employees	   
5. Developing appropriate products and services for customers	 
6. Supporting our local communities	 
7. Limiting our environmental impact	  
8. Other information: 2019 Modern Slavery Statement	 

Source: Based on <https://www.undp.org/content/undp/en/home/sustainable-development-goals.html>

The United Nations SDGs are a set of actions identified by the United Nations as essential to promote prosperity for all people worldwide. Launched in 2015, the 17 SDGs address economic, social and environmental issues and are backed by 169 targets to be achieved by the year 2030.



Through Medline's approach to sustainability/CSR, we aim to contribute towards the fulfilment of the SDGs. We recognise that the private sector has an important role to play on the global sustainable development stage.

The materiality of our eight sustainability topics was established through:

- » Interviews with various Medline employees with relevant expertise who have knowledge of the business strategy and engage with key internal and external stakeholders.
- » A review of market research reports for the medical device industry.
- » A review of the GRI Standards, ISO 26000 guidelines, the Ten Principles of the UNGC, the United Nations SDGs, Organisation for Economic Co-operation and Development's Guidelines for Multinational Enterprises, and Sustainability Accounting Standards Board guidelines on material sustainability topics for the medical equipment and supplies industry.

The structure and contents of this report are loosely based on the Global Reporting Initiative's GRI Standards. Comments and questions on this sustainability report can be sent to: csr-europe@medline.com.

REPORTING PERIOD AND TERRITORIES COVERED

The reporting period for this sustainability report is 1 January 2018 to 31 December 2018, Medline's financial year.

This report applies to Medline's entities in Europe and excludes Medline's entities in Asia-Pacific (Japan, East Asia, Australia and New Zealand). The European territories that fall under the scope of this sustainability report are Austria, Belgium, France, Germany, Ireland, Italy, the Netherlands, Poland, Portugal, Slovakia, Spain, Switzerland and the United Kingdom.

This sustainability report is Medline's third annual sustainability report. Due to differences in the sustainability reporting needs of our key stakeholders in our respective geographical markets, as a global company we publish two separate sustainability reports for the North American and European markets. We have made efforts to align the two sustainability reports to the greatest extent possible, and we will continue to do so in future.

OUR FINANCIAL PERFORMANCE AND ECONOMIC CONTRIBUTION

FINANCIAL PERFORMANCE

” We continued to be a strong performer, and our sales revenues in Europe grew for the seventh consecutive year. “

Medline’s sales and margin performance in Europe in 2018 was in line with expectations, with sales revenue growth of 8.6 per cent (2017: 4 per cent).

Our biggest financial challenges in 2018 were:

- » Growing pressure on national and local healthcare systems to reduce their costs.
- » Volatility in the currency exchange rate of the United States dollar and the euro.

We successfully navigated these hurdles—Medline remained a debt-free organisation and, globally, the company achieved its 52nd year of consecutive sales growth. We look forward to continued strong results in 2019 and beyond.

ECONOMIC CONTRIBUTION

Medline’s direct and indirect impact on the local, regional and national economies where we operate is the cumulative result of the following factors:

” We created direct and indirect job and business opportunities across Europe, contributing to economic growth. “

Employment opportunities created by Medline:

We employed 974 people in Europe in 2018 (2017: 953), up 2 per cent from 2017 due to the growth of the organisation. In turn, our employees’ spending on travel, accommodations and other items benefits the economy.

Taxes paid by Medline:

The taxes paid by Medline in 2018 to local, regional and national governments in Europe were a positive injection into the economy. The tax payments comprised value-added tax, corporate income tax and payroll tax on employee salaries.

Business opportunities created by Medline for our suppliers, subcontractors and other business partners:

For example, Medline engages the services of a number of road, ocean and air freight carriers in Europe to transport and distribute our products. We also successfully diversified into rail transport from China to Europe in 2018 to fulfil urgent back orders, reducing our reliance on air freight. This had positive impacts for our rail service providers and the environment, as rail transport typically has lower emissions than air transport.

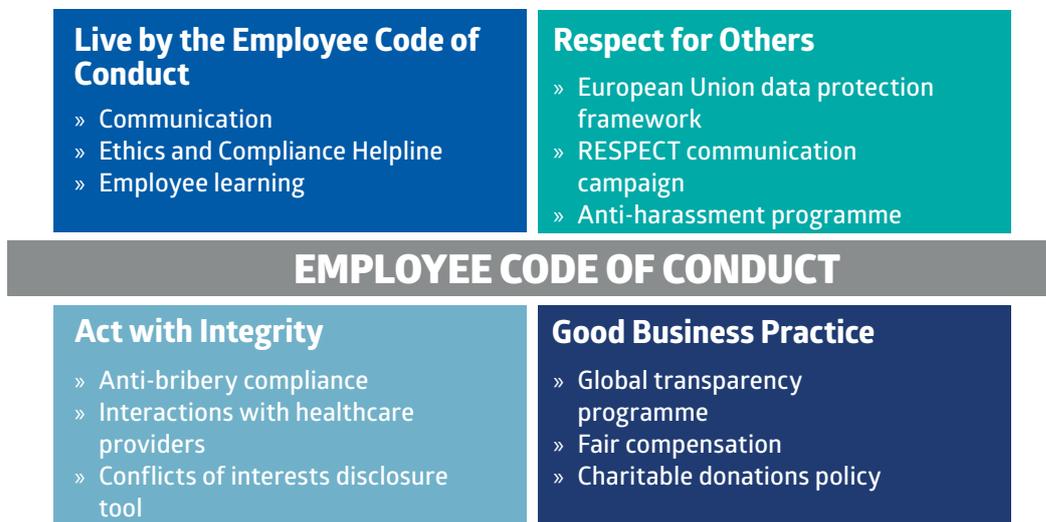
CONDUCTING BUSINESS WITH INTEGRITY AND ETHICS

Medline acts responsibly and in compliance with all legislation and regulations in the countries where we operate; we also adhere to our own internal policies and procedures. We expect all employees to demonstrate honest and ethical conduct in every part of our business and in customer interactions.

Medline's chief ethics and compliance officer, based at our global headquarters in the United States, bears overall responsibility for the Ethics and Compliance Programme worldwide. In Europe, responsibility for coordination and supervision is assigned to the compliance officer for Europe based in the Netherlands. The Office of Ethics and Compliance is supported by a network of compliance liaisons in the European human resources team, and by our European data protection committee.

OVERVIEW OF OUR ETHICS AND COMPLIANCE PROGRAMME

The constituent elements of Medline's Ethics and Compliance Programme are:



The *Employee Code of Conduct* is the foundation on which our Ethics and Compliance Programme is built. The code elaborates on our core values and principles and it explains the rules that govern our relationships with governments, customers, competitors and each other. The code addresses topics such as anti-discrimination, safety in the workplace, employee privacy, data protection, political participation, anti-bribery and anti-corruption. In formulating and implementing the code, Medline strives to exceed expectations by going beyond mere compliance and aiming to do what we believe is right.

More widely, we comply with the *MedTech Europe Code of Ethical Business Practice*. For example, to avoid conflicts of interests in balancing our customer relations with charitable work, Medline does not donate to, or at the request of, healthcare providers in Europe. This applies to both cash and product donations and is described in more detail in our *Charitable Donations Policy*.

FUTURE PLANS FOR 2019

To continue to raise internal awareness of relevant compliance and legal topics, we will train our sales teams on antitrust matters in relation to the handling of competitively sensitive information. Whilst Medline complies with all the relevant competition laws in this regard, we are aware that our sales teams may occasionally find themselves in difficult territory when it comes to price discussions involving customers and distributors. The purpose of the training is to reinforce our employees' understanding of what is permissible, the escalation procedures in place and the potential consequences of non-compliance.

RESPECTING LABOUR AND HUMAN RIGHTS

Medline recognises the importance of actively monitoring and promoting labour and human rights in our supply chain and in our own operations. Slavery, child labour, forced labour and human trafficking are just some of the critical social justice issues we need to be cognisant of given the scale and complexity of our operations. Enhancing the quality of people's lives is part of Medline's company mission, and we believe this extends to those who work with and for us.

Medline's approach in this sphere is informed by:

- » **The United Nations SDGs**, namely Goal 8 (decent work and economic growth) and Goal 10 (reduced inequalities).
- » **Our participation in the UNGC**, which is underpinned by Ten Principles, six of which fall under the 'human rights' and 'labour' pillars.
- » **Regulatory developments and trends**, such as the United Kingdom Modern Slavery Act 2015, the Duty of Vigilance Law in France and the proposed Child Labour Due Diligence Law in the Netherlands.
- » **Growing customer awareness** of, and interest in, promoting labour and human rights in the context of sustainable procurement and ethical supply chains in the healthcare sector.

Additional information on our approach to labour and human rights is available in our UK Modern Slavery Act statement. The statement is available in this report and on our UK country website (www.medline.eu/uk).

OUR OPERATIONS

In our own operations, we comply with national labour and human rights legislation in all the countries where we operate. Our recruitment and employment practices in manufacturing and non-manufacturing operations are designed to minimise and prevent breaches of labour and human rights, and to promote ethical and responsible business practices.

” Promoting labour and human rights is integral to our operations.

Key Medline policies in this regard include our *Employee Code of Conduct* and our Ethics and Compliance Programme. Employees are encouraged to report labour and human rights abuses either verbally or in writing through our [Open Talk](#) platform (online portal and toll-free hotline), which offers an independent,

anonymous grievance mechanism. Open Talk is also accessible to external parties, such as our suppliers and their workers.

Depending on the country, we have staff representatives and/or workers' councils in France, Germany, Italy and Slovakia to represent the interests of all employees at those locations. Both the workers' councils and staff representatives give workers a voice on issues such as employment, collaboration, health and safety. In addition, the workers' councils enable workers to participate in strategic and operational decisions. Trade unions have unrestricted access to our employees; and in accordance with legal requirements, some of our notice boards can be used by trade unions.

More widely, employees can provide feedback and express concerns to their immediate supervisors and through direct interaction with the senior leadership team.

OUR SUPPLY CHAIN

We have a diverse product supply chain spanning hundreds of manufacturing subcontractors in more than 30 countries worldwide.

Medline's *Supplier Code of Conduct* applies to these finished goods suppliers. The code is based on:

- » Conventions and guidelines of the International Labour Organization.
- » Recognised international social compliance standards: SA8000, Ethical Trading Initiative Base Code and Worldwide Responsible Accredited Production (WRAP).
- » The United Nations Universal Declaration of Human Rights.

Medline periodically conducts internal audits of its suppliers to ensure that labour and human rights are being upheld. Our internal audits are based on the SA8000 standard and are conducted by our social compliance audit team. In total, 370 audits were conducted between 2015 and 2018. Our auditors found no occurrences of slavery, human trafficking and forced labour in Medline's supply chain.

FUTURE PLANS FOR 2019

We will monitor regulatory developments related to labour and human rights across Europe to ensure our policies and practices are up to date.

In addition, we will continue to implement the WRAP certification project we announced last year by initiating WRAP certification of our facility in Châteaubriant, France.

PROMOTING THE WELL-BEING OF OUR EMPLOYEES

Medline regards its employees as valuable assets and we strive to create a safe, stimulating and rewarding work environment for them.

We are proud of our ability to attract a talent pool of highly competent individuals who contribute to the business's long-term success and viability, which encompasses Medline's positive social, environmental and economic impacts.

Our local human resource representatives support employees in the 13 European countries where we have operations. The representatives report to the vice president of human resources and corporate social responsibility.

Together, the human resources team develops and implements policies and strategies for the recruitment, selection and retention of employees, and ensures appropriate working conditions. The applicable local and international labour and human rights standards and legislation are strictly enforced.

PROMOTING EMPLOYEE DIVERSITY, INCLUSION AND EQUAL OPPORTUNITY

We issued a Diversity and Inclusion Statement in 2018. Medline's decisions about recruitment, hiring, promotion, compensation, employee development and all other working conditions are taken without regard for race, religious beliefs, gender, sexual orientation, marital status, physical and mental disability, age, ancestry and place of origin.

Our employees have diverse professional and educational backgrounds, and 25 different nationalities were represented in our European workforce in 2018 (employees originating from Europe, North and South America, Asia and Africa).

In 2018, we issued our *Diversity and Inclusion Statement* to reiterate that we have a nuanced interpretation of what constitutes diversity, and that we will continue to do everything possible to embed diversity and inclusion in our organisational culture. This sentiment is well-articulated in the statement, which reads in part:

'By making sure all our employees feel they are appreciated, listened to and treated with dignity and respect, we strive to create an open and welcoming environment. We truly want all individuals at Medline to feel free to act naturally and bring themselves completely to the workplace, and feel like they have access to any opportunity for which they are qualified'.

Medline Diversity and Inclusion Statement, 2018

Other indicators of our performance on employee diversity and equal opportunity in 2018 were:

Diversity and equal opportunity at Medline in 2018



PROMOTING THE WELL-BEING OF OUR EMPLOYEES

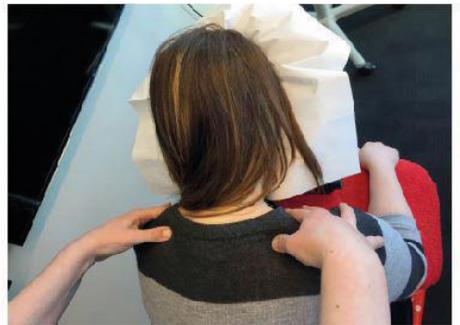
Diversity metrics are monitored on an ongoing basis, and appropriate measures are put in place. For example, once a year we assess pay gaps between men and women in similar roles to ensure any disparities are founded on objective and legitimate criteria, rather than unfair discrimination.

EMPLOYEE APPRECIATION DAY

To celebrate International Employee Appreciation Day in March 2018, each Medline site chose a different day to host a fun activity for employees to take part in.

” In honour of our employees, a series of events were held across Europe in 2018. “

Activities included a short sophrology course in Italy (sophrology is a structured method created to produce optimal health and well-being); smoothies and freshly squeezed juices in France, Germany and Spain; relaxing in-office massages in the Netherlands; chocolate fountains accompanied by fresh fruit in the United Kingdom and Slovakia; and baskets of fruit and chocolate in Switzerland and Belgium.



Medline Employee Appreciation Day 2018

Medline's philosophy is that non-financial rewards and recognition complement the financial ones. Creating a work environment in which employees feel appreciated for their efforts and personal contributions is key to a meritocratic culture.

WELL-BEING AT WORK

Consistent with its role in the healthcare industry, Medline encourages healthy and active lifestyles amongst its employees. Benefits we provide our employees include subsidies for meals, public transport and the gym; the ability to work from home once per week in some European countries; and free deliveries of fresh fruit at work sites.

For the fourth consecutive year, Medline employees participated in the Virgin Pulse Global Challenge in 2018 (previously known as the Global Corporate Challenge). The Global Challenge is a 100-day challenge in which employees track their daily physical activity levels, ideally achieving an average of 10,000 steps per day. Medline covered all the costs of participants' entry fees and step counting devices.



TRAINING AND PROFESSIONAL DEVELOPMENT

” Two thirds of our employees participated in a training session in 2018. “

Medline places strong emphasis on employee training and professional development. We believe that investing in our employees not only enhances the quality and efficiency of our organisation, but also contributes to employee satisfaction and longevity of tenure at Medline.

The total number and duration of training sessions held in 2018 were as follows:

Training-related indicators	2018	2017	2016
Total number of training sessions hosted or paid for by Medline (internal and external)	286	370	344
Total duration of training sessions held during the year (in days)	944	1,286	926

Two thirds (66 per cent) of our employees participated in a training session in 2018 (2017: more than 70 per cent). More than half of these participants were women.

In 2018 we piloted a mentorship programme for managers in Spain and Portugal. The purpose of the programme was to coach employees to excel in their current roles, whilst also identifying opportunities for future career advancement within Medline and preparing them for those.

EMPLOYEE ENGAGEMENT

In 2018 we implemented action plans to increase employee satisfaction in the areas identified as in need of improvement in our last employee engagement survey (i.e. eliminating obstacles to efficiency, communication). The next employee engagement survey will be conducted in 2019.

In addition to the survey, we have other platforms to encourage our employees to express their opinions and constructively criticise Medline. Communication channels in Europe include one-on-one feedback between employees and their supervisors, and direct interaction with the senior leadership team. Other communication tools to reach employees include the company intranet, internal newsletters and internal town hall meetings.

FUTURE PLANS FOR 2019

We will continue to scale up our recruitment for new positions across the business in order to strengthen our teams and prepare our company for continued growth.

SUPPLEMENT: PROFILE OF MEDLINE'S WORKFORCE

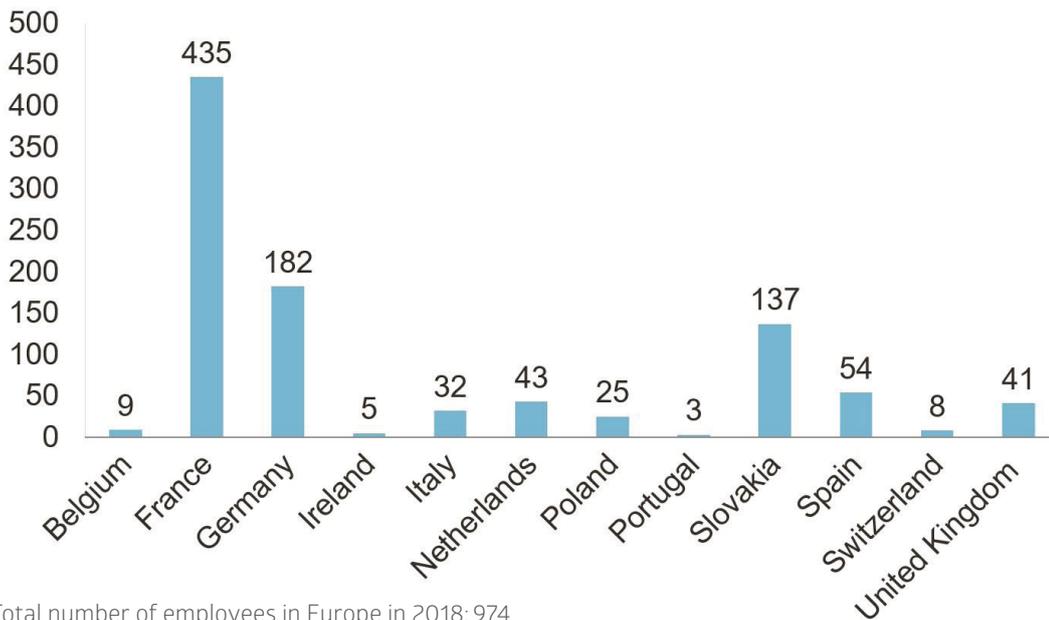
TOTAL HEADCOUNT

” The number of employees in Europe grew by 2% in 2018 compared to 2017. “

In 2018 our European workforce totalled 974 (2017: 953), 63 per cent of which was based in France and Germany. We have two sites in France—a manufacturing facility in Châteaubriant, and a marketing and sales office in Voisins-le-Bretonneux. Germany is the site of our largest international distribution centre in Europe.

The number of employees per country was as follows:

European headcount per country in 2018

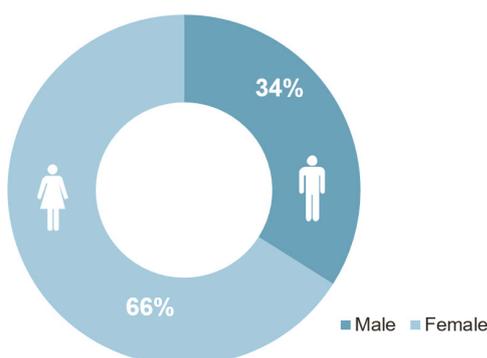


Total number of employees in Europe in 2018: 974

GENDER

The gender ratio remained constant in 2018 versus 2017: 66 per cent of our workforce was made up of female employees in 2018 (2017: 66 per cent), and male employees were in the minority at 34 per cent (2017: 34 per cent).

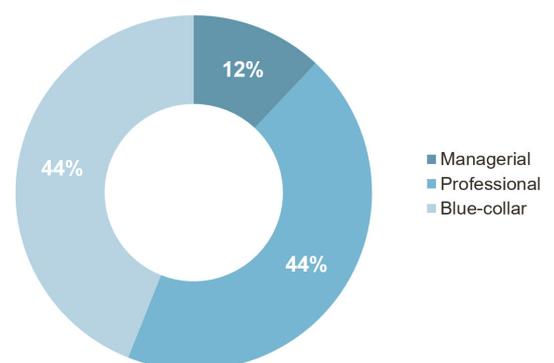
Gender composition of European workforce in 2018



EMPLOYEES BY CATEGORY

Blue-collar workers constituted 44 per cent of our workforce in 2018 (2017: 45 per cent), with professionals at 44 per cent (2017: 44 per cent) and management at 12 per cent (2017: 11 per cent).

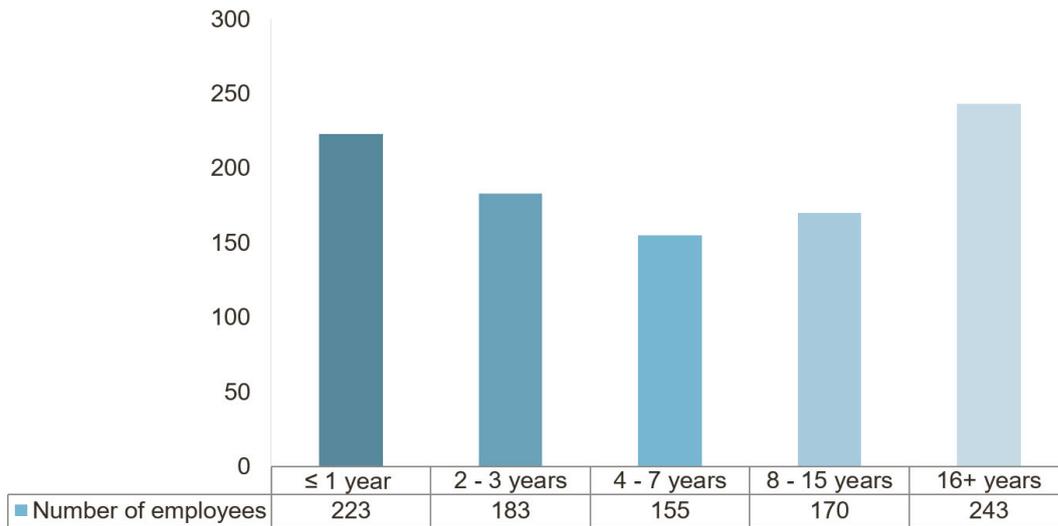
Employees by category in 2018



LONGEVITY OF EMPLOYMENT AT MEDLINE

In 2018, 25 per cent of our employees had worked for Medline for more than 15 years (2017: 24 per cent); 42 per cent of our employees had worked for Medline for up to three years (2017: 44 per cent); and 33 per cent between four and 15 years (2017: 31 per cent).

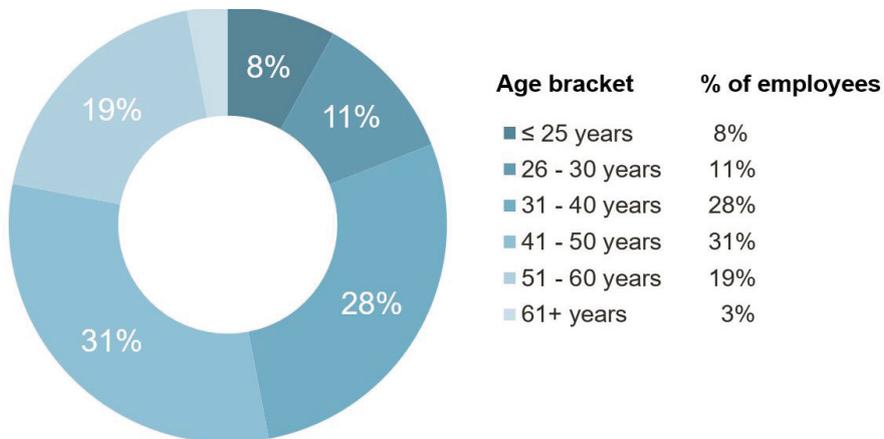
Years employed by Medline as of 2018



AGE

In 2018, 39 per cent of our employees in Europe were aged between 26 and 40 (2017: 39 per cent). The average age of our employees was 41 years old (2017: 41 years old).

Age of employees in 2018



DEVELOPING APPROPRIATE PRODUCTS AND SERVICES FOR CUSTOMERS

Our customers are at the heart of everything we do at Medline, and they have a decisive influence on the company's economic, social and environmental sustainability practices.

Medline's customer base comprises:

- » Our final customers – healthcare facilities such as hospitals and clinics.
- » Intermediaries – distributors and group purchasing platforms, for instance.

The care settings in which our products and services are used include physicians' offices, surgery centres, emergency medical services and hospices.

NEW PRODUCTS LAUNCHED IN 2018

Medline constantly looks for opportunities to improve the quality and breadth of products and services offered to our customers. By engaging with our customers, suppliers, distributors and industry networks (e.g. through our sales and customer service representatives), we obtain valuable insights that inform product and service development.

” Medline introduced more than 200 new products in 2018. “

Medline introduced roughly 230 new products¹ in Europe in 2018, including scrub suits, custom drape packs, drains and nitrile exam gloves. In our sterile procedure tray (SPT) division, approximately 2,000 new custom-designed packs were brought to market in 2018. Medline observes (and in some instances exceeds) all applicable standards and regulations for product quality, safety, labelling and other product features.

CENTURION

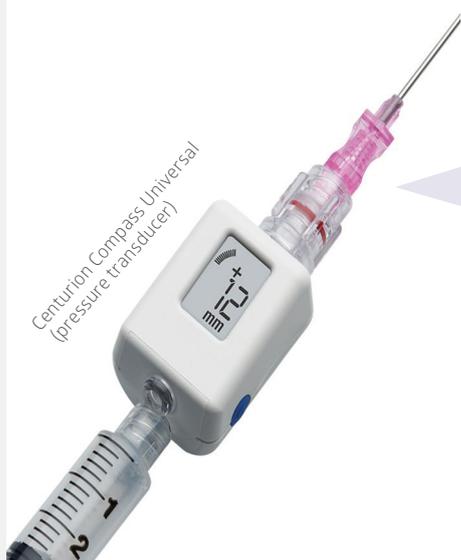
In 2018 Medline acquired Centurion, a North American company concentrating on small procedure trays and speciality dressings. Starting in 2019, Centurion products will be available in Europe under the Centurion brand name to ensure continuity.

We are particularly excited about the Compass Universal device and the SorbaView SHIELD, two Centurion products that will launch in Europe in 2019.

Compass is a digital pressure transducer to measure all physiological pressures, such as blood pressure, central venous pressure, intra-abdominal pressure, and arm and leg compartment pressure. By providing precise and reliable quantitative data, Compass helps clinicians with early detection of life-threatening conditions, such as sepsis, bacterial meningitis and compartment syndrome. Compass also enables accurate central line insertions in patients, thereby preventing inadvertent arterial cannulations that could result in patient injuries or deaths.

Compass Universal

- » Compact.
- » Sterile, single-use, easy attachment.
- » Instant auto-calibration for precise readings.
- » Intuitive use to simplify training and decrease the nursing burden.
- » Quantitative data displayed for use in electronic medical report documentation.



SorbaView SHIELD is a catheter stabilisation device designed to prevent catheter movement and dislodgement whilst simultaneously creating a strong occlusive barrier that protects the insertion site against external bacteria, viruses and other contaminants (without being impervious to moisture vapour or other normal gases).

The built-in catheter securement helps reduce and prevent:

- » Complications such as phlebitis, extravasation and infiltration.
- » The rate of unscheduled restarts for intravenous lines.
- » The risk of central line bloodstream infections.

Use of the SorbaView SHIELD results in better patient care and lower costs.



Centurion SorbaView SHIELD
(catheter securement)

PRODUCT SAFETY

Product safety considerations are built into our approach to quality management. Product safety standards and objectives are met by implementing Medline's quality policy and monitoring our quality performance indicators.

Medline Industries Inc. Quality Policy

We are committed to delivering outstanding customer value, by providing quality healthcare products and services which consistently meet the needs of our customers, both internal and external, as well as complying with requirements and maintaining the effectiveness of the Quality Management System. We are committed to continuous improvement of our products, our services, our business processes and our business relationships. We will accomplish these objectives by creating and maintaining a quality-focused environment, while deploying our Total Quality approach with our valued customers, employees, and community.

CUSTOMER SERVICE AND ENGAGEMENT

Enhanced customer support through our customer service team

Customer service is the voice, ear and heart of our company. To facilitate our efforts to provide consistent, high-quality service, we have 75 customer service representatives across Europe. Some of these representatives are dedicated to specific customers, providing personalised and reliable support. Working in conjunction with sales, contracts, pricing and other departments, our entire customer service team ensures customer queries and requests are addressed in a timely and professional manner.

Customer complaints per million units sold across all product categories increased from 0.88 in 2017 to 1.25 in 2018. This 42 per cent increase in complaints was due to unanticipated challenges with some product changes. For example, we changed the adhesive tape on our drapes from being rubber-based to acrylic-based to improve performance. We initially experienced some complaints about the new tape. After some refinements, we successfully rolled out the new tape and delivered on the enhanced performance we had originally intended.

FAIR AND AFFORDABLE PRICING

” Medline prioritises long-term relationships with customers—we believe that fairly and affordably priced products and services are key to those relationships. “

Our European customers increasingly face budgetary pressures and constraints, in both the public and private healthcare sectors. Accordingly, many healthcare facilities have adopted cost-saving strategies, such as value-based procurement models and ongoing monitoring of product and service costs.

Medline is sensitive to the cost pressures our customers face, and our products and services are designed and priced accordingly. The measures we take to ensure that our products and services are fairly and affordably priced include:

- » Setting our prices at competitive levels in line with tender requirements.
- » Carefully managing Medline’s operating costs and overhead.

Price information is readily accessible to our customers and is communicated through our sales teams, as well as through mutually agreed-upon contractual terms and conditions.

FUTURE PLANS FOR 2019

To improve our internal processes (and, ultimately, customer service), we will create a new project management office to support change management and other initiatives in all parts of the business. This new function will be launched in 2019.

Medline will continue to ensure our products and services are responsive to customers’ needs and circumstances in the various European markets, through organic business growth as well as mergers and acquisitions. One example is the planned 2019 pilot of Medline’s Complete Delivery System (CDS). Building on the concept of SPTs, CDS enhances the logistical capabilities and efficiency of the hospital operating theatre.

¹⁾ A new product is defined as a new stock keeping unit (SKU).

SUPPORTING OUR LOCAL COMMUNITIES

Medline supports local communities in European countries where we have an operational and sales presence. We do this through a combination of our breast cancer awareness campaign, donations and sponsorships.

Farther afield, we are conscious of the reality that poor communities in developing countries often require support accessing crucial medical supplies and healthcare services. Our product donations are therefore targeted at those who need them most from a global perspective. Medical service trips are another way in which we help these poor and underserved communities.

Medline's charitable giving initiatives are overseen by our CSR and marketing and communications departments. Key internal policy documents to structure our activities are our *Charitable Donations Policy* and our *Guidelines for Medical Service Trips*.

BREAST CANCER AWARENESS

European breast cancer awareness campaign

€8,000

donated to KABE
in 2018

25,000 likes
for 2018 Pink Glove
Photo Competition



1 IN 8 WOMEN
will be diagnosed
with breast cancer
before the age of 85*

€65,000

raised since 2013 through
the European Pink Glove
Competitions

*Source: <http://www.europadonna.org/breast-cancer-facts/>

In the context of a three-year collaboration with KABE that began in 2017 and will conclude at the end of 2019. Medline's annual contribution is used to translate KABE's 'Check Yourself' mobile app into additional European languages. In 2018 the selected language was European Spanish. Find out more about the app [on KABE's website](#).

Medline's breast cancer awareness campaign aims to raise awareness about breast cancer and the behaviours needed for prevention and early detection.

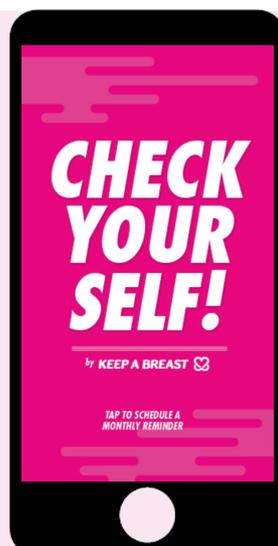
”
Medline collaborated with KABE in 2018 to translate an educational mobile app into European Spanish.
“

In Europe, Medline manufactures and sells limited-edition Generation Pink exam gloves. These nitrile exam gloves are an eye-catching pink colour commonly associated with breast cancer awareness worldwide. When worn in a clinical setting, the pink gloves help make detection exams less frightening whilst also reminding nurses about the importance of creating comfortable, friendly and open dialogue with patients.

In 2018, Medline donated €8,000 to Keep A Breast Europe (KABE), combining part of the proceeds from our pink glove sales in Europe with wider financial support. This was in the

About KABE

- » Youth-focused, non-profit organisation.
- » Mission to educate on various breast cancer topics, such as:
 - Prevention.
 - Early detection.
 - Potential sources of carcinogens in daily life.
- » Has developed a mobile app called Check Yourself to:
 - Encourage regular self-checks.
 - Educate about breast health.



The Medline-KABE collaboration

- » Thanks to Medline, the Check Yourself app has been translated into:
 - German (2017).
 - European Spanish (2018).
 - Italian (planned, 2019).
- » Impact of the Check Yourself app:
 - 65,000 users/downloads worldwide.
 - Of these, 28% (18,200) users/downloads are in Europe.

SUPPORTING OUR LOCAL COMMUNITIES

For the third consecutive year, Medline hosted its Pink Glove Photo Competition via Facebook. Participants showcased their creativity by taking photographs of themselves wearing Medline's Generation Pink exam gloves. The competition was open to healthcare workers in all European countries (Medline employees were excluded). The top three winners were selected based on the number of Facebook likes.

We received 50 photos from eight European countries, which drew more than 25,000 likes on Facebook. The winner was Asur 4 Senigallia, a healthcare provider in Italy.

” **Healthcare workers in Europe submitted 50 photos for our 2018 Pink Glove Photo Competition.**

“ The winning photo will feature in various Medline print and online communication channels during the course of 2019. Furthermore, as part of the prize, Medline donated €1,250 to A.N.D.O.S. onlus Comitato di Senigallia, an Italian association chosen by Asur 4 Senigallia that supports women with their post-operative rehabilitation following breast cancer-related surgeries. The runners-up who finished in second and third place in the photo competition were also recognised; Medline donated a combined total of €1,250 to charities in France and Spain on their behalf.

All three winners were mentioned individually in the local press in Italy, France and Spain, respectively, raising the profile of our breast cancer awareness campaign in the process.



Winning photo from the 2018 Pink Glove Photo Competition (external)

A separate internal Pink Glove Photo Competition for Medline employees also generated a high level of interest and awareness, and 35 photos were entered. The winning photos are featured below.



1st place: 'The quality team of Châteaubriant' (France)



2nd place: 'Trust me, I watch Grey's Anatomy' (The Netherlands)



3rd place: 'Warehouse Operations Team Kleve' (Germany)

PRODUCT DONATIONS

In 2018 we continued our partnership with United Kingdom-based International Health Partners (IHP) to donate our products to communities in developing countries affected by a shortage of medical supplies.

Products donated by Medline in 2018 were distributed in-country by the following aid agencies working with IHP:

- » Food For The Poor.
- » International Medical Corps.
- » Bring Hope Humanitarian Foundation.

”
Through our partnership with IHP, our products reached those in need in Africa, Asia, Central America and the Caribbean.
“



The Hope Hospice-Albion in Jamaica provides 24-hour care to residents who present with a range of health issues, including diabetes, HIV/AIDS and spinal cord injuries, in addition to its elderly residents. Medline's donation of incontinence pads reached this healthcare facility through Food For The Poor.

'We are very grateful for the incontinence pads as this is one of our greatest needs. Many of our residents suffer from faecal and urinary incontinence. Many women in our facility do not like to use the diapers we are able to provide and were so pleased when we received this donation as they expressed it helped restore a bit of their dignity that had been lost when they had to depend on the use of full diapers ... What a blessing this donation has been. We are extremely grateful and so are our residents.'

Ms Angela Graham, Manager of Hope Hospice-Albion

We also donated medical supplies to other charities providing medical relief services to developing countries in 2018:

- » Association pour la Formation Médicale au Cambodge (various surgeries in Cambodia).
- » Entraide sans frontières (various surgeries in Morocco).
- » Solidarité-Brûlés Nantes-Lomé (plastic surgery on burn patients in Togo).

SUPPORTING OUR LOCAL COMMUNITIES

All in all, in 2018 Medline donated 17 tonnes of product valued at €50,000 to IHP and other partners.



In line with Medline's *Charitable Donations Policy*, Medline does not make donations to healthcare providers, whether financial or non-financial. Furthermore, all donated products comply with the following requirements:

- » Medline does not donate expired products.
- » Medline does not donate used products or damaged products (including damage to core product packaging).

MEDICAL SERVICE TRIPS

In 2018 Medline employees voluntarily participated in medical service trips to developing countries to deliver healthcare services. Medical service trips provide our employees with an excellent opportunity to broaden their horizons in terms of knowledge, skills and cultural understanding. More importantly, the trips are a practical and impactful way to improve the quality and accessibility of healthcare services in poor and underserved communities.

” Our employees volunteered in medical relief trips with the Global Smile Foundation and One World Surgery in 2018. “

Our employees took part in one-week-long medical relief trips with the following organisations in 2018:

- » Global Smile Foundation – The GSF is an international non-profit organisation that performs surgeries to repair cleft lips and cleft palates in Latin America, Africa, the Middle East and the Indian subcontinent. Medline employees joined the GSF in Lebanon, Peru and Ecuador.
- » One World Surgery – OWS is a charity dedicated to providing world-class surgical care to those in need, as well as empowering volunteers to make a positive impact on global health. Medline volunteers visited the OWS facility in Honduras, which comprises a surgery centre and a children’s home.

Medline provided financial and logistical support to our employees. In addition, our mascot Ron the Bear accompanied the volunteers to give the children a friendly companion to help ease their tension and anxiety during intake sessions and before surgery.



Introducing Ron the Bear

In March 2018 Medline introduced a mascot, Ron the Bear, as part of our branding and social media strategy. Ron’s back story is that he is a nurse who has taken a sabbatical to travel, interact with and get to know his partners in the medical field, and learn more about the healthcare industry in general. He is caring, social, curious, supportive (in terms of patients and customers) and international.

MEAL PACKAGING EVENTS

An estimated 821 million people around the world are hungry and malnourished due to drought, poverty and other factors.²

To be part of the solution, we organised a meal packaging event at our office in Florence, Italy, in March 2018. Medline partnered with Rise Against Hunger (RAH), a charity that sends volunteer-packaged meals to developing countries. The meals are nutritious and easy to prepare, with ingredients including soy protein, enriched rice, dried vegetables and 23 essential vitamins and nutrients. An added feature is that RAH's meals packaged in Europe are completely free of genetically modified organisms (GMOs).



Feeding the hungry event in Italy

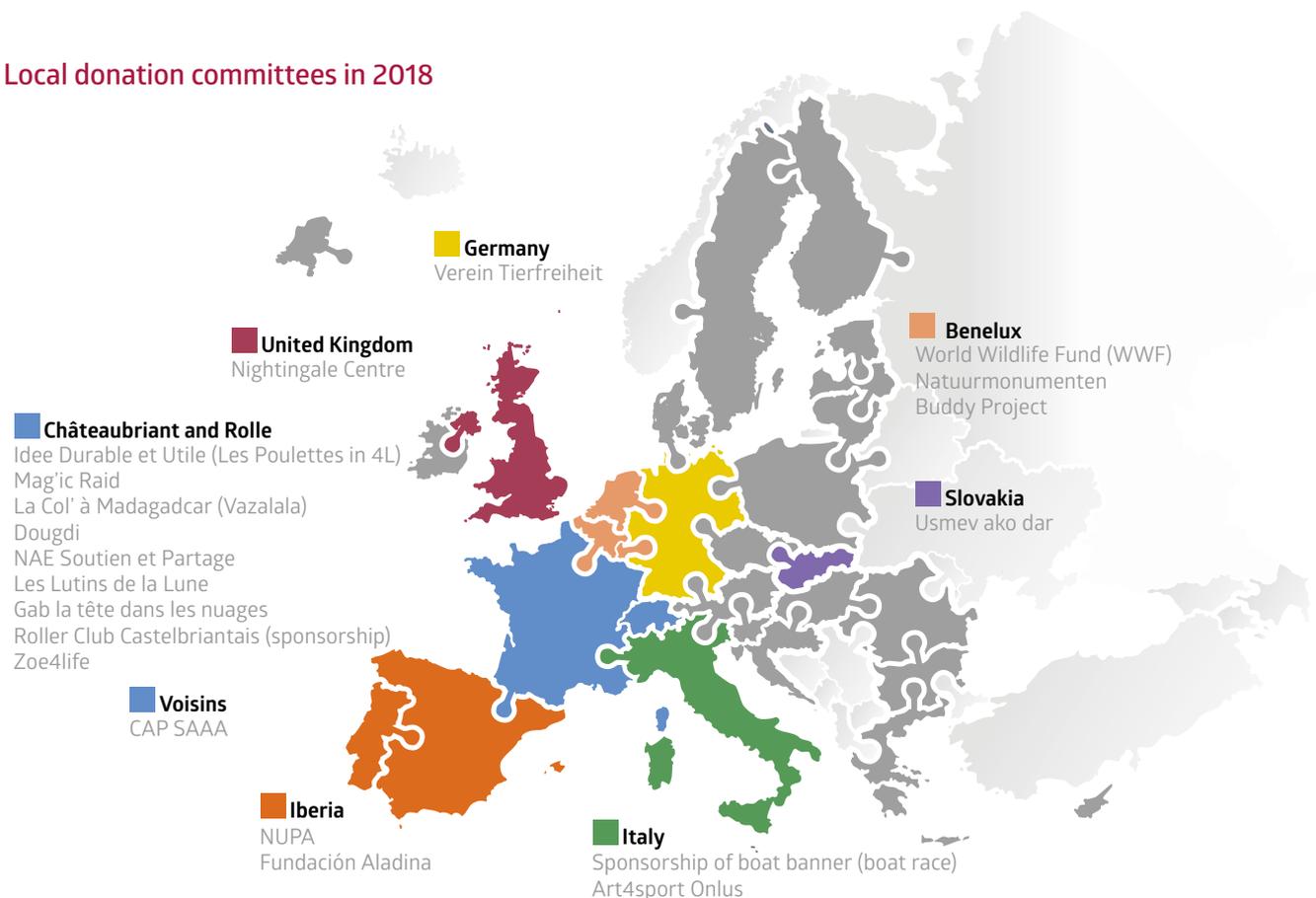
The Medline event in Italy was inspiring and fun-filled. The team reached their goal of 5,000 packaged meals, which provided 25 schoolchildren in Zimbabwe with one meal per day for a whole year.

LOCAL DONATION COMMITTEES

” Our donation committees gave €15,000 to various causes in 2018.

“ We have eight local donation committees representing all employees across Europe. The mandate of the committees is to make cash donations that will benefit their respective local communities. In 2018 these committees donated a combined total of €15,000 to numerous worthy beneficiaries, mostly focusing on care for those suffering from cancer or serious long-term illnesses and disabilities, the poor and disadvantaged (especially children) and animal welfare. In addition, through the committees, Medline sponsored local sports teams and events in France and Italy. Our sponsorships are in line with our goal to support local community initiatives that promote physical and mental health and well-being.

Local donation committees in 2018



FUTURE PLANS FOR 2019

The fourth edition of the Pink Glove Photo Competition will take place in 2019 as part of our breast cancer awareness campaign. We will also continue collaborating with KABE to fund the translations of the Check Yourself app, focusing on Italian in 2019.

We will partner with RAH in 2019 to hold additional meal packaging events at other Medline locations in Europe, and continue to sponsor our employees' participation in medical relief trips. Our local donation committees will again contribute to our charitable giving by selecting worthy causes for Medline to support in 2019.

²⁾ Rise Against Hunger, 2018. 'World Hunger Facts and Quotes'. Available online: <https://www.riseagainsthunger.org/understanding-hunger/world-hunger-facts/>

LIMITING OUR ENVIRONMENTAL IMPACT

Globally, environmental challenges such as natural resource depletion, climate change, pollution and threats to biodiversity require companies and individuals alike to be proactive stewards of the natural environment. Medline is aware of the environmental impacts associated with the manufacture, distribution and use of its products and services. We strive to monitor and manage these environmental impacts to the best of our ability, and we **observe the precautionary principle** by taking a pragmatic approach that balances business needs and the imperative to minimise and avoid harmful impacts where possible.

LAUNCHING OUR REFORESTATION PROJECT

Medline offers its customers in Europe an extensive array of products, many of which are made in Asia and Europe. Transporting these products from the various factories to our customers' doorsteps in Europe involves a large network of ocean, road, rail and air freight, which contributes to Medline's carbon footprint.

” We planted 2,000 trees in France in 2018 as part of our One Container, One Tree project.

“ In recognition of this, and to mitigate our environmental impact, in 2018 we launched our One Container, One Tree initiative. For every container of product shipped to Europe, we will plant one tree in Europe to support wider reforestation efforts on the continent. Our partner is Reforest Action, a social enterprise based in France with reforestation projects across Europe.

In April 2018, Medline sponsored the planting of 2,000 trees in Saint-Pierre-la-Bourlhonne, France. The 2,000 trees we planted represent the 2,000 containers of medical devices shipped for two of our product divisions: SPTs and gowns/drapes. This is just the beginning of what will be a multi-year project in several European countries. Eventually, all of our product divisions will be represented.

The impact of the trees planted by Medline in France is illustrated below:



ONE CONTAINER, ONE TREE INITIATIVE

Impact of the trees planted by Medline



CLIMATE

2,000,000 km by car offset



BIODIVERSITY

4,000 shelters for animals created



HEALTH

667 years of oxygen generated



EMPLOYMENT

2,000 hours of work created

MANAGING OUR GREENHOUSE GAS EMISSIONS

Medline acknowledges scientific research such as that conducted by the Intergovernmental Panel on Climate Change (IPCC), which attributes climate change to a recent and significant increase in anthropogenic (human-induced) greenhouse gas emissions. We support the spirit and ambition of the 2015 Paris Agreement and other international climate policies and instruments that facilitate the implementation of the United Nations Framework Convention on Climate Change (UNFCCC).

GREENHOUSE GAS INVENTORY UPDATE

Since 2012, we have measured our carbon emissions through an annual greenhouse gas (GHG) inventory that calculates our scope 1, 2 and 3 GHG emissions. Medline's GHG inventory covers our operations in North America and Europe and is reported annually to the CDP.³ Our inventory is prepared in line with the applicable international GHG Protocol standards.

” Medline submitted its annual GHG inventory report to the CDP in 2018. “

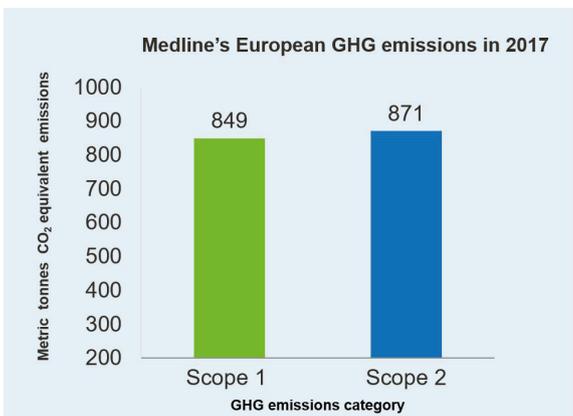
The sources of scope 1, 2 and 3 GHG emissions are illustrated below.⁴

Relationship between scope 1, 2 and 3 GHG emissions



Source: Based on GHG Protocol, 2013: Scope 3 Accounting and Reporting Standard

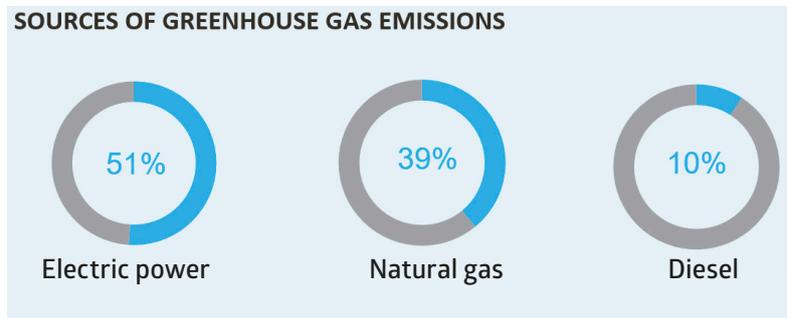
Scope 1 and 2 GHG emissions in Europe in 2017



Due to data availability challenges, scope 3 GHG emissions are not measured and reported in Europe. Note: Scope 1 and scope 2 emissions are measured for sites where Medline has operating control.

LIMITING OUR ENVIRONMENTAL IMPACT

Medline's combined scope 1 and scope 2 emissions in Europe were 1,720 tonnes of CO₂ in 2017 (2016: 1,387). Our carbon emissions were 24 per cent higher compared to the previous year.



RAISING ENVIRONMENTAL AWARENESS AMONGST OUR EMPLOYEES

” We observed Earth Day in 2018 by hosting Medline Earth Week. “

Medline celebrated Earth Day through an information campaign called Medline Earth Week from 23 to 27 April 2018. Each day of Medline Earth Week had its own theme and call to action. Our intention was to highlight some of Medline's environmental initiatives and inspire our employees to be more environmentally conscious at home and at work.

EARTH WEEK 2018

Day 1 – Every change counts

There are many small environmental projects at different Medline sites in Europe.

Day 2 – Tree planting

Medline's One Container, One Tree initiative plants trees in partnership with Reforest Action.

Day 3 – Drive2Work

Drive2Work is an internal online platform developed by Medline employees to arrange carpooling and bicycle riding groups.

Day 4 – Environmental aspects of WRAP certification

WRAP is a social compliance standard that Medline is promoting in our supply chain. In addition to labour and human rights topics, WRAP also requires factories to perform on environmental criteria.

Day 5 – Renewable energy

Medline uses geothermal energy at our international headquarters in Arnhem, the Netherlands, and solar energy at our distribution centre in Kleve, Germany.



OTHER ENVIRONMENTAL INITIATIVES

ISO 14001



Three of our facilities are ISO 14001 certified:

- » Our manufacturing facility in Châteaubriant, France.
- » Our international office in Madrid, Spain.
- » Our international office in Florence, Italy.

DGNB



Our international distribution centre in Germany is DGNB certified, which confirms that it meets green building standards. DGNB refers to the German Sustainable Building Council.

MedTrans



Our MedTrans delivery fleet comprises 12 vehicles in France, Germany, Ireland, Italy and Spain. All MedTrans trucks have engines that meet the Euro VI emissions standard.

FUTURE PLANS FOR 2019

In 2019 we will continue our One Container, One Tree initiative and plant more trees in Europe. In addition, we will initiate ISO 14001 certification of our manufacturing facility in Slovakia.

³⁾ The CDP (formerly known as the Carbon Disclosure Project) is an international organisation that produces annual questionnaires on climate change, supply chain, water and forests. The CDP aims to improve companies' disclosure of their environmental performance.

⁴⁾ The GHG Protocol Corporate Standard classifies a company's GHG emissions into three 'scopes' or categories. Scope 1 emissions are direct emissions from sources owned or controlled by a company. Scope 2 emissions are indirect emissions from the generation of purchased energy (e.g. electricity, heating/cooling, steam). Scope 3 emissions are all indirect emissions (not included in scope 2) that occur in the value chain of the reporting company.

OTHER INFORMATION: 2019 MODERN SLAVERY STATEMENT

Medline is aware that slavery, forced labour and human trafficking are critical human rights issues. We monitor our own internal operations as well as those of our suppliers to prevent and address such abuses of workers' human rights. In doing so, we aim to make a real and meaningful contribution towards the fulfilment of the United Nations SDGs, in particular:



Section 54 of the United Kingdom's Modern Slavery Act 2015 does not apply to Medline. Nevertheless, with this statement we describe the steps we take to combat slavery, forced labour and human trafficking. **This statement applies to our 2018 financial year, which ran from 1 January 2018 to 31 December 2018.** It is publicly available on our website and is also published in our European Sustainability Report.

ORGANISATIONAL STRUCTURE

Medline Industries, Inc., is a fourth generation family-owned company that is the largest privately held manufacturer and distributor of healthcare supplies and services (e.g. exam gloves, protective apparel, packs and gowns, and surgical trays) in the United States. Our global headquarters are located in the United States in Northfield, Illinois.

Medline International B.V. ('MIBV') is a wholly owned subsidiary of Medline Industries, Inc. MIBV's corporate offices in the Netherlands serve as our international headquarters, overseeing all operations in Europe, Japan, East Asia, Australia and New Zealand. Through various local country subsidiary entities of MIBV, the Medline group operates assembly/manufacturing facilities, distribution centres and sales/distribution offices. Medline Industries Limited is the United Kingdom entity through which our local sales/distribution business in the United Kingdom is conducted.

OUR COMPANY POLICIES

Medline is committed to legally compliant, ethical and socially responsible business and employment practices. Relevant group-wide policies in our global Ethics and Compliance Programme are our:

- » Supplier Code of Conduct.
- » Employee Code of Conduct.
- » Non-Retaliation Policy.

We base our policies on principles in international agreements, such as International Labour Organization conventions and the United Nations Universal Declaration of Human Rights. We also comply with local laws and regulations at national and subnational levels in the various countries where we operate.

Grievance mechanisms

Concerns and complaints can be raised confidentially:

- » In writing, through our dedicated online portal, called Open Talk.
- » Verbally, via our 24/7 toll-free hotline:
 - Calls originating inside the United Kingdom: 0800-032-8483.
 - Additional phone numbers per country are listed on Medline's [Open Talk](#) website.

The collective Open Talk platform (online portal and toll-free hotline) is also referred to as the Medline Ethics and Compliance Helpline. The **Medline Ethics and Compliance Helpline** is global in scope and can be used by internal parties (our employees), as well as external parties (including our suppliers and their workers).

OUR DUE DILIGENCE PROCESS

Medline supply chain

We have a diverse and complex product supply chain spanning hundreds of finished goods suppliers in more than 30 countries worldwide. The labour and human rights risk profile of these suppliers varies, depending on factors such as:

- » The country/region in which the supplier is located.
- » The type of product manufactured.

We are committed to ensuring that workers in our supply chain are treated with dignity and respect. Medline's Supplier Code of Conduct explicitly prohibits slavery, involuntary labour and child labour in our supply chain. Our Supplier Code of Conduct also sets out the minimum standards that Medline expects its suppliers to adhere to regarding wages and benefits, worker health and safety, and working hours. We have a zero tolerance policy and if we become aware of slavery, forced labour and human trafficking in our supply chain, we will terminate the business relationship with that supplier.

Since 2010 we have conducted social compliance audits of suppliers' factories in line with the SA8000 standard. The SA8000 standard is an internationally recognised verification system for ensuring fair and safe working conditions. It applies to labour and human rights issues such as child labour, forced or compulsory labour, human trafficking, working hours, working conditions and remuneration.

Between 2015 and 2018, our internal auditors conducted 370 social compliance audits in Asia. No occurrences of slavery, human trafficking and forced labour in Medline's supply chain were found by our auditors.

Medline employees

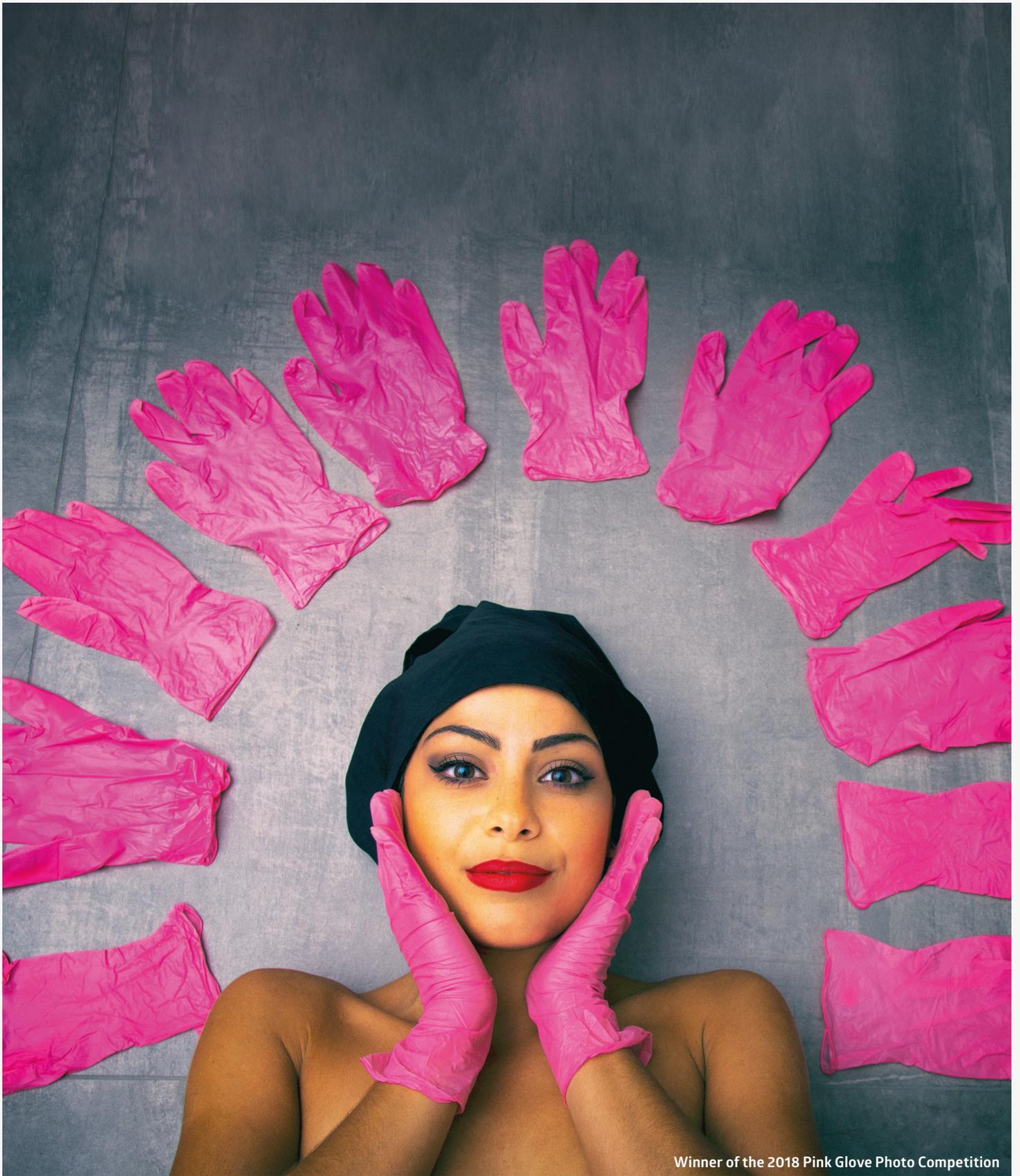
Medline's recruitment and employment policies, as well as our Employee Code of Conduct, are enforced by local human resources representatives at all our factories, distribution centres and sales offices around the world. National labour authorities are entitled to conduct inspections and audits at any time in any of our facilities to screen for labour issues, including slavery, forced labour and human trafficking.

All employees in our global operations are encouraged to report any concerns they may have about potential labour and human rights abuses, and our reporting systems are designed to protect them from retaliation. Furthermore, employees in relevant functions (e.g. quality assurance) are trained annually on topics that include slavery, forced labour and human trafficking.



Tripp Amdur

Group President



Winner of the 2018 Pink Glove Photo Competition



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**ALWAYS
ON.**

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Photo credit for front cover: Rise Against Hunger

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