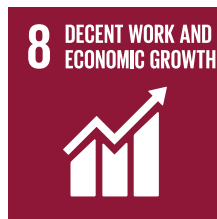


# Modern slavery and transparency statement 2021



## Introduction

Medline views slavery, forced labor and human trafficking as critical human rights issues. To prevent these practices from occurring in Medline's global operations and supply chain and address abuses of workers' human rights, Medline commits to implementing effective systems and controls throughout its organization by monitoring its internal operations and those of its suppliers. Medline aims to meet recognized international human rights standards, including the United Nations Guiding Principles on Business and Human Rights ("UNGPs"), and contribute towards the achievement of the United Nations Sustainable Development Goals, in particular:



This Modern Slavery and Transparency Statement, published in accordance with the United Kingdom's Modern Slavery Act of 2015 ("UK MSA"), the California Transparency in Supply Chains Act of 2010 and Australia's Commonwealth Modern Slavery Act 2018 (CMSA), outlines the steps Medline takes to combat slavery, forced labor and human trafficking. This statement applies to Medline's 2021 financial year that ran from January 1, 2021 to December 31, 2021. This statement is included in Medline's European, Australian and United States Corporate Social Responsibility reports and is publicly available online.

Medline Industries, LP. publishes this statement on behalf of the Medline group that includes Medline International B.V., subject to the UK MSA's reporting requirement, and Medline Stellar Australia Pty Ltd. and Medline International Two Australia Pty. Ltd., reporting entities under the CMSA.

Medline is committed to a continuous, multi-tiered approach to maintaining ethical standards, monitoring human rights issues and mitigating risk throughout its global operations and supply chain. Medline's commitment began with evaluating the first tier of its supply chain, an ongoing effort that requires consistent diligence through 2022 and beyond. Simultaneously, Medline is expanding its scope to include the lower tiers of its supply chain to manage and remediate risk from raw material through final product. Medline began this expansion by focusing on cotton traceability and future efforts will include other areas of its supply chain as this program evolves.

# Medline's structure, operations and supply chain

Medline 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 of America, with global headquarters in Northfield, Illinois.

Medline International B.V. (MIBV) is a wholly-owned subsidiary of Medline Industries, LP. and serves as a hub for Europe, United Kingdom, Asia, Australia and New Zealand.

Through its subsidiaries, Medline operates numerous assembly/manufacturing facilities, distribution centers, services/prime vendor operations and sales/distribution offices.

**300,000+**  
medical and surgical products

**30,000+**  
employees worldwide

**30+ million**  
square feet of warehousing globally

**125+**  
countries and territories where Medline does business

**30+**  
manufacturing sites in 8 countries

**US\$20.2B**  
in global company sales

Medline's supply chain

Medline has a diverse and complex product supply chain spanning thousands of first-tier suppliers globally. The majority of Medline's suppliers are based in Asia and North America with products shipped globally to meet customers' unique needs.

## Modern slavery risks in Medline's operations and supply chain

Medline prohibits forced labor, child labor and other related inhumane practices within the company's operations. Similarly, Medline's Supplier Code of Conduct (SCOC) applies these prohibitions to suppliers in our product supply chain. To uphold these prohibitions, Medline takes a risk-based approach to due diligence using a process built on internationally recognized agreements for upholding basic human rights and draws from the fundamental rights set forth in the International Labor Organization (ILO) conventions, the United Nations Universal Declaration of Human Rights (UDHR) and other similar agreements. Medline incorporates best practice guidelines from internationally-recognized voluntary standards including the UNGPs.

### Risks in Medline's operations

Medline owns and operates a large network of manufacturing and distribution facilities that directly employs tens of thousands of people globally. Medline recognizes that its network presents potential for risk and takes steps to prevent modern slavery in each of its facilities. The Employee Code of Conduct (ECOC) reflects our commitment to providing all Medline employees a safe, healthy working environment free from violations of their fundamental human rights, no matter their role or responsibilities and includes prohibitions against forced labor, child labor and any other practices which violate basic rights. Medline continuously monitors and assesses compliance with these standards both for all employees and contract or temporary employees contracted through third-parties.

### Risks in Medline's supply chain

Medline contracts with numerous suppliers to produce Medline-branded product and makes concerted efforts to apply its high standards to its supply chain. Medline's suppliers are expected to comply with our SCOC, which forms the basis of Medline's social compliance program. Medline regularly assesses risk in its supply chain and conducts comprehensive audits for evidence of risks to health and safety, forced labor, child labor and other potential violations of fundamental human rights. As these efforts evolve, Medline is committed to working with its first-tier suppliers to improve transparency, monitoring and mitigation efforts with the long-term goal of extending and maintaining visibility into the lower tiers of its supply chain.

Medline achieves its global reach via strategic partnerships with suppliers on six of the seven continents. With a supply chain that incorporates such geographic diversity, we work hard to monitor and mitigate situations that could put workers around the world at risk. For example, we apply heightened levels of scrutiny to suppliers in the following areas:

- Industries with potential for exploitation of lower-paid, migrant, or vulnerable workers, such as cotton production, rubber compounding, illegal timber harvesting, or mineral extraction
- Jobs with physical demands or risks to physical safety, such as the use of potentially toxic chemicals or operating heavy industrial equipment
- Temporary or contracted employees who may come to our partners from third-party agencies
- Labor practices that, although legal under local law, may not meet the high standards to which we hold ourselves

# Actions Medline takes to assess and address modern slavery risks

## Medline's policy framework

Medline is committed to legal, ethical and socially responsible business and employment practices and treating workers with dignity and respect throughout its global operations and supply chain. Group-wide policies and procedures relevant to preventing slavery, forced and child labor and human trafficking include Medline's SCOC, ECOC, Non-retaliation policy and Ethical Sourcing Guidelines.

Medline bases its policies on key international human rights principles as set out in agreements including core ILO conventions and the UDHR. Medline seeks to comply with local labor and related laws and regulations at national and sub-national levels in the countries where it operates and requires its suppliers to do the same.

## Addressing modern slavery risk in Medline's operations

Medline's recruitment and employment policies and ECOC are enforced by local human resources representatives at all Medline-owned factories, distribution centers and sales offices around the world. Medline's aim is to avoid slavery, forced labor, child labor, or human trafficking in its business operations and direct workforce. Medline implements strict employment practices and procedures across its global business that adhere to local labor laws.

Medline's operations must comply with all applicable environmental laws and regulatory requirements, abide by strict health and safety measures, and follow principles as set forth in relevant Medline policies. All employees are required to act in accordance with standards set out in the ECOC in the course of their work.

Medline has grievance mechanisms in place to allow Medline personnel to raise concerns about working conditions or violations of law.

## Addressing modern slavery risks in Medline's supply chain

In 2020, Medline undertook an in-depth review process to enhance its ethical sourcing policies and procedures by benchmarking against the UNGPs and international best practices that led to the formation of Medline's [Ethical Sourcing Program](#) (ESP).

Medline's ESP consolidates and builds on efforts to promote respect for human rights in its global operations and supply chain and is based on eleven pillars:

1. Roles and responsibilities, including oversight to Medline's Ethical Sourcing Committee (ESC)
2. Ethical Sourcing Standards (ESS)
3. Risk assessment
4. Supplier engagement
5. Social compliance audits
6. Grievance mechanisms
7. Remediation
8. Customer engagement
9. Training and capacity building
10. External reporting and communication
11. Assessing effectiveness

### Governance and oversight

The commitment of senior leadership is essential to advance the key priorities of the ESP. Medline's senior leadership, including Charles Mills, CEO, Andy Mills, President and James Abrams, COO, consider ethical sourcing to be Medline's moral and legal obligation and expect employees to do so also. Medline created an ESC to lead Medline's ESP that includes representatives from Legal, Ethics and Compliance, Corporate Social Responsibility and Technical Affairs (including Sourcing) functions.

### Independent risk assessment

Medline takes a risk-based approach to ethical sourcing to focus efforts where the risks are greatest and where Medline can assert leverage to achieve positive change. As noted above, this involves additional scrutiny of suppliers associated with relatively higher modern slavery risk. Medline engages third-party consultants to provide independent, comprehensive due diligence research to help assess the risk profiles of potential suppliers before proceeding with business transactions. This diligence continues on a regular basis as Medline's relationship with each supplier evolves. Depending on the risks identified through such assessments, Medline may implement a variety of risk mitigation measures, such as obtaining documentation from suppliers, ongoing monitoring, or social audits. Medline also engages in risk assessment and mitigation for suppliers beyond the first tier of its supply chain when the company learns of risks that call for further scrutiny, regardless of whether we learn from our own due diligence or the efforts of external sources.

Medline performs risk assessments of all new suppliers. Depending on the results of the risk assessment, Medline may require an audit, additional diligence or corrective actions, or decline to enter into a business relationship with the supplier.



## Actions we take to assess and address modern slavery risks, continued

### Supplier engagement

Medline's SCOC applies the prohibition of forced labor, child labor and other practices inconsistent with international human rights standards to every first-tier supplier that provides us with raw material, component parts, or finished Medline-branded product and requires first-tier suppliers to conduct appropriate due diligence to evaluate whether their suppliers, subcontractors and labor brokers apply standards consistent with Medline's ESS.

Medline requires suppliers to meet minimum standards in relation to, among other things, compliance with applicable laws, wages and benefits, worker health and safety, and working hours. All suppliers must agree to adhere to the SCOC as a condition of their relationship with Medline and apply its standards to their own suppliers. Where necessary, Medline works with suppliers to enhance their performance against the standards set forth in its SCOC.

### Social compliance audits

Medline continuously evaluates risk using an assessment, audit and evaluation process built on internationally recognized human rights standards, conventions and principles.

Medline uses audits as both a risk assessment tool for new suppliers and a monitoring tool for existing suppliers. If a potential supplier is classified as high-risk during the risk assessment process, Medline will conduct an audit of the supplier to better understand its risk profile and what remedial steps may be needed to proceed with the relationship.

Medline also conducts audits of existing suppliers to assess compliance with its SCOC and ESS. Audits may be routine and related to a supplier's risk profile or conducted in response to a grievance or incident. Audits may be performed by Medline personnel or third party auditors and they may be announced or unannounced. All audits are conducted in line with best practices concerning social auditing, including SA8000® principles. Audits must be conducted by trained, qualified auditors. In 2021, Medline's internal auditors conducted 530 social compliance audits globally.

One of the challenges Medline faced while conducting and assessing the results of social compliance audits was mitigating modern slavery risks among groups of migrant workers. Medline's social compliance audits seek to identify these risks through a combination of hands-on investigations of supplier records and conversations with the workers themselves.

Where issues of concern are identified, Medline works with suppliers to develop remediation plans. Where possible, Medline uses its leverage to work with suppliers to improve their performance and conditions for workers. However, where suppliers are unwilling or unable to meet Medline's standards within a reasonable timeframe, Medline will ultimately disengage from the supplier relationship.

### Grievance mechanisms

Medline has instituted grievance mechanisms that allow both Medline personnel and workers in suppliers' facilities to raise concerns about potential violations of law or Medline's ESS. Information on grievance mechanisms is posted in appropriate local languages in its facilities and all employees are encouraged to report concerns about potential labor or human rights abuses. Medline encourages its suppliers to put in place effective grievance mechanisms of their own. However, if workers feel that they cannot present a grievance to their direct employer, they are encouraged to reach out to Medline directly.

#### 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
  - Phone numbers, per country, are listed on Medline's Open Talk website

The Open Talk online portal and toll-free hotline, also referred to as the Medline Ethics and Compliance Helpline, is accessible globally by its employees and external parties including suppliers and their workers.

Medline's policies prohibit retaliation and it has designed its reporting systems to protect the individuals who use them from retaliation.

### Remediation

Medline seeks to respond to all actual or potential risks of slavery, forced or child labor, or human trafficking in accordance with best practices—including through supplier engagement, enhanced due diligence, training and capacity building, further social auditing, and implementing corrective and preventive action plans. In line with the UNGPs, Medline seeks to leverage its influence to improve working conditions in our suppliers' facilities. However, where necessary Medline may terminate its business relationship with non-compliant suppliers.

### Training

A fundamental component of Medline's approach to ethical sourcing is training and equipping its employees to identify and respond to risks in its global supply chain. All employees are familiarized with the ESP in new hire training, and thereafter on an annual basis. This training informs employees about Medline's commitment to social compliance and provides them with a basic understanding of the ESP. Employees in key functions, such as quality assurance and social compliance auditing, receive focused training on topics that include slavery, forced labor and human trafficking.

## Assessing effectiveness

Medline plans to assess the effectiveness of its ESP on an ongoing basis to evaluate whether it is implemented appropriately, has responded effectively to identified human rights risks and impacts and adapts to any changes in its business activities over time.

Medline designed a process to carry out annual reviews of the ESP by measuring it against a set of key performance indicators to gauge its performance in relation to certain targets and commitments.

Medline may also undertake further effectiveness assessments at the request or recommendation of the ESC or if otherwise deemed necessary due to an incident with serious human rights and/or legal implications. Medline may implement improvements to its processes depending on the outcome of these assessments.

## Medline's response to the COVID-19 pandemic

Medline works with a number of suppliers around the world to produce various items of personal protective equipment (PPE), products that have been in especially high demand during the COVID-19 pandemic. Medline engages with first-tier suppliers to understand the extra precautions taken to protect their workers in the face of these heightened demands.

Based on those discussions, Medline understands that suppliers have taken a number of necessary precautions in an effort keep their workers safe and healthy, including, but not limited to, the following:

- Providing masks and other PPE to workers
- Implementing social distancing
- Staggering work shifts
- Instituting regular COVID-19 testing
- Increasing health and safety communications to employees regarding the pandemic's health risks associated with COVID-19

Medline's ethical sourcing audit program includes multiple layers of diligence to mitigate risks of excessive working hours and unsafe conditions. Medline's audits include:

- Analyses of payroll records
- Reviews of employment contracts
- Investigations into management practices to assess compliance with local law and globally accepted best practices
- Confidential interviews with employees to corroborate findings with first-hand accounts from the workers most susceptible to violations of their basic rights

In 2021, the COVID-19 pandemic continued to present challenges to Medline's ability to conduct audits and other diligence efforts using its usual methods and procedures. Medline's ethical sourcing team limited its travel in compliance with regional public health restrictions, but adapted by conducting virtual or desktop audits where possible.

Medline commits to using third-party auditors where it can, while respecting local guidelines and jurisdictions with audits performed in the local language. Medline continues to monitor the COVID-19 pandemic and assess the best methods for conducting diligence while keeping employees safe.



## Medline's process of consultation

The policies and procedures described in this statement apply globally across Medline's business.

Medline understands that compliance programs cannot be static and must evolve to address risk effectively. Medline is committed to the periodic review of the ESP. The ESP is reviewed annually and additional assessments of the program and its subcomponents may be conducted when recommended by the ESC.

All reviews are based on appropriate qualitative and quantitative performance indicators and draw on feedback from both internal and external sources, such as grievances communicated by affected stakeholders. Representatives of Medline's Australian reporting entities have contributed to the description of salient risks in this statement and are aware of the actions that need to be taken to mitigate the risks.

## Conclusion and approval

Medline is committed to continuous improvement and building on its efforts to tackle slavery, forced labor, child labor and human trafficking year-on-year.

Medline is a privately-held company, whose principal governing body includes:

- Charles Mills, CEO
- Andy Mills, President
- James Abrams, COO

Approved by:



Andy Mills, President

## Additional information

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and [U.S. website](#)

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