



ANNUAL SUSTAINABILITY REPORT 2018

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

Report based on facts from 2017

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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



Tripp Amdur

It is my pleasure to share Medline's second sustainability report for our European operations. The reporting period for this sustainability report is 1 January 2017 to 31 December 2017, Medline's financial year.

As a provider of medical supplies and solutions, Medline is deeply appreciative of the valiant efforts of healthcare professionals whose tireless dedication makes the world a better place.

Similarly, Medline aspires to be a positive agent for change in society and to be exemplary in its conduct. It is my hope that the contents of this sustainability report adequately convey our efforts in this regard.

OUR APPROACH TO CORPORATE SOCIAL RESPONSIBILITY

Medline is a signatory to the UN Global Compact, and is committed to its 10 principles.

In the context of Medline's European operations, sustainability is synonymous with corporate social responsibility (CSR).

Our CSR philosophy is informed by the view that companies in the private sector can make an important contribution towards sustainable development locally and globally. 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 2018 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 (UNGCR).

OUR 2017 BUSINESS STRATEGY AND CSR'S ROLE THEREIN

Medline successfully executed its growth strategy in 2017 and proved resilient in the face of external business challenges.

Medline's main commercial focus in 2017 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.

We made good progress in all of these areas during the 2017 financial year. We achieved our sixth consecutive year of sales growth in Europe, we expanded our workforce by 11 per cent and we introduced more than 300 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.

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 concerned about these topics. In addition, we believe that these initiatives resonated with our employees who see the intrinsic value of CSR. Lastly, aspects of our CSR programme helped us to stay attuned to regulatory developments and requirements, thus mitigating risk and creating new opportunities for us to improve our CSR performance.

OUR CSR ACHIEVEMENTS IN 2017

Medline's major sustainability-related achievements in Europe in 2017 included:

- » Launching our Worldwide Responsible Accredited Production (WRAP) certification project to further promote labour and human rights in our supply chain. You can read more about this in the chapter *Respecting Labour and Human Rights*.
- » Continuing to implement our Ethics and Compliance Programme, which includes anti-bribery compliance, data protection and privacy, and adherence to the *MedTech Europe Code of Ethical Business Practice*.
- » Encouraging diversity and inclusion in our workforce: 66% of our employees were women, 3% were handicapped and 25 different nationalities from all over the world were represented.
- » Maintaining our proud tradition of raising awareness of breast cancer through the internal and external 2017 Pink Glove Photo Competition, and through our partnership with Keep A Breast Europe (KABE).
- » Donating 28 tonnes of medical supplies to communities in need through our partnership with International Health Partners (IHP).
- » Conducting a successful internal Medline Earth Week campaign to celebrate International Earth Day.
- » Completing the installation of our solar panels in Kleve, Germany, as part of broader efforts to incorporate more renewable energy sources.

OUTLOOK FOR 2018

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).

953
employees
in Europe

5
distribution
centres in Europe

550,000
medical and
surgical products
globally

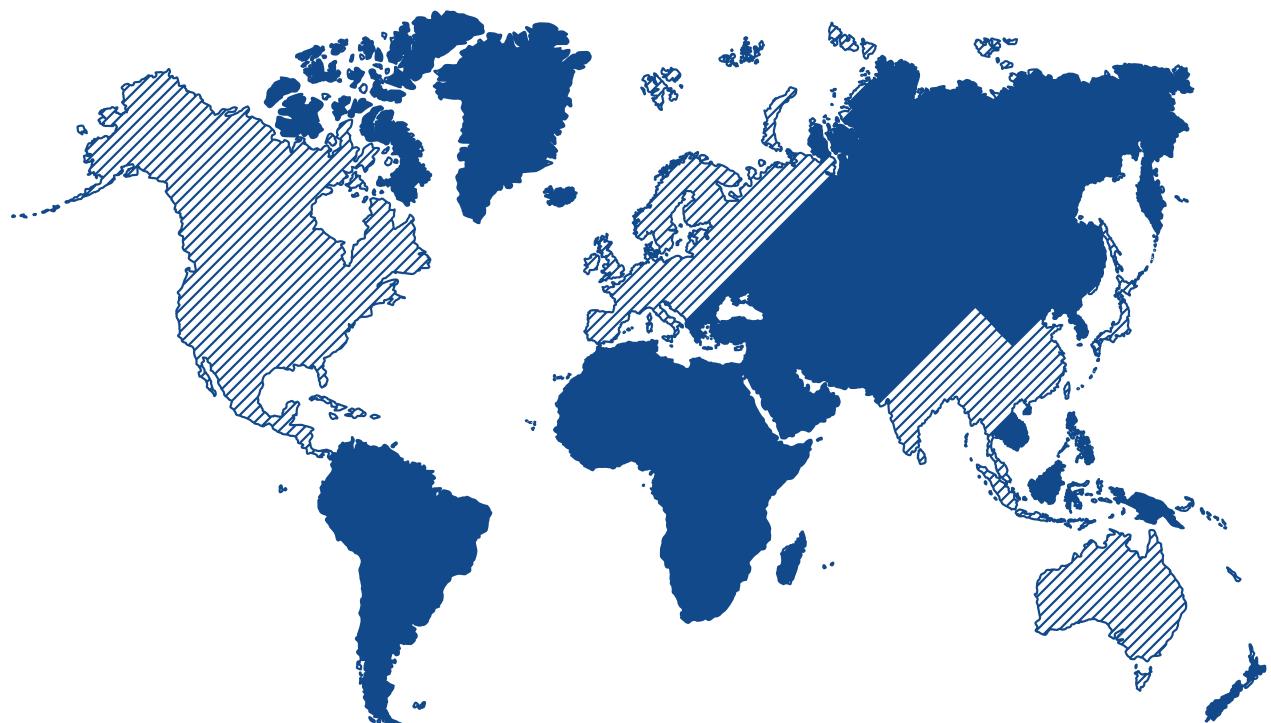
29
countries where
customers are
served in Europe

3
manufacturing
locations in Europe

US\$10.2B
in global company
sales

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

Medline locations worldwide



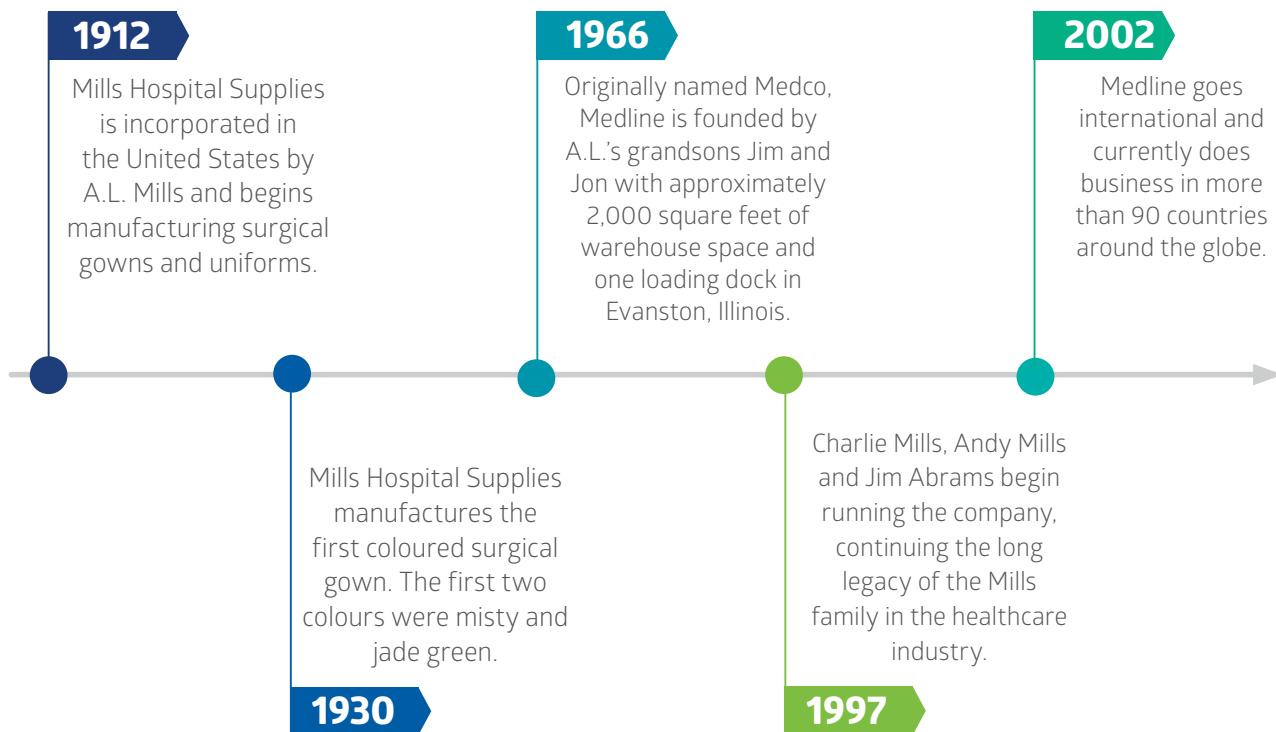
 Locations with Medline distribution, manufacturing and offices

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.

MEDLINE'S EVOLUTION



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.

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

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, senior vice president of European product divisions, and the senior director 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.

MEMBERSHIPS IN ORGANISATIONS AND NETWORKS

Medline participates in the following platforms:

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

- » Business in the Community.
- » MedTech Europe.
- » The United Nations Global Compact.

AWARDS AND RECOGNITIONS

Our customers recognised our CSR activities in 2017:

CAHPP, France

Score of 'A++' in the 2017 Environmental Index

Helpevia, France

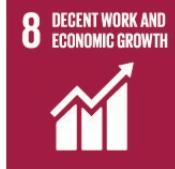
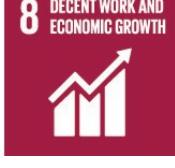
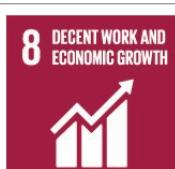
Score of 'A' in the 2017 Sustainable Development Survey

NHS North West, United Kingdom

Medline shortlisted in the 2017 Sustainable Development/Excellence in Supply Awards

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	 8 DECENT WORK AND ECONOMIC GROWTH				
2. Conducting business with integrity and ethics	 16 PEACE AND JUSTICE STRONG INSTITUTIONS				
3. Respecting labour and human rights	 8 DECENT WORK AND ECONOMIC GROWTH	 10 REDUCED INEQUALITIES			
4. Promoting the well-being of our employees	 3 GOOD HEALTH AND WELL-BEING	 4 QUALITY EDUCATION	 5 GENDER EQUALITY	 8 DECENT WORK AND ECONOMIC GROWTH	
5. Developing appropriate products and services for customers	 3 GOOD HEALTH AND WELL-BEING	 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE			
6. Supporting our local communities	 3 GOOD HEALTH AND WELL-BEING	 17 PARTNERSHIPS FOR THE GOALS			
7. Limiting our environmental impact	 7 AFFORDABLE AND CLEAN ENERGY	 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	 13 CLIMATE ACTION		
8. Additional information: United Kingdom Modern Slavery Act statement	 8 DECENT WORK AND ECONOMIC GROWTH	 10 REDUCED INEQUALITIES			

Source: Based on <https://www.un.org/sustainabledevelopment/sustainable-development-goals/> from 2017

The United Nations SDGs are a set of actions identified by the UN 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, International Organization for Standardization (ISO) 26000 guidelines, the Ten Principles of the UNGC, the United Nations SDGs, Organisation for Economic Cooperation and Development 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. Medline is not yet in a position to meet the GRI's 'in accordance' requirements at the core or comprehensive levels. We are taking an incremental approach to sustainability reporting to identify what works best for our organisation, taking the following into consideration: our existing methods and systems for reporting, data collection and analysis; the needs of the stakeholders at whom this report is targeted; and the scale and complexity of our operations in Europe.

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 2017 to 31 December 2017, 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 second 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

Medline's financial performance in Europe in 2017 was strong. Key contributory factors included improved outcomes from public procurement processes and continued cost containment, particularly in relation to our purchasing and operations spending. Our sales revenues grew by 4 per cent in 2017 (2016: 6.1 per cent). Medline remained a debt-free organisation and, globally, the company achieved its 51st year of consecutive sales growth.

Our biggest financial challenge in 2017 was anticipating and managing the impact of Brexit on the euro-United States dollar exchange rate. We successfully navigated this hurdle and look forward to continued strong results in 2018 and beyond.

We continued to be a strong performer and our sales revenues in Europe grew for the sixth consecutive year.

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:

Employment opportunities created by Medline:

We employed 953 people in Europe in 2017 (2016: 858), up 11 per cent from 2016 due to the growth of the organisation (2016: 7 per cent growth from 2015). In turn, our employees' spending on travel, accommodation and other items benefits the economy.

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

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

For instance, Medline engages the services of a number of air-, road and ocean freight carriers in Europe to transport and distribute our products.

Taxes paid by Medline:

The taxes paid by Medline in 2017 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.

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:

Live by the Code of Conduct <ul style="list-style-type: none">» Communication» Ethics and compliance helpline» Employee learning	Respect for others <ul style="list-style-type: none">» European Union data protection framework» RESPECT communication campaign» Anti-harassment programme
MEDLINE CODE OF CONDUCT	
Act with integrity <ul style="list-style-type: none">» Anti-bribery compliance» Interactions with healthcare providers» Conflicts of interests disclosure tool	Good business practice <ul style="list-style-type: none">» Global transparency programme» Fair compensation» Charitable donations policy

The *Medline 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.

PROGRESS IN IMPLEMENTING OUR ETHICS AND COMPLIANCE PROGRAMME IN 2017

LIVE BY THE CODE OF CONDUCT

Medline communicates regularly with employees to educate and inform them about potential compliance-related risks and concerns. In 2017 we utilised communication platforms such as our Intranet, internal newsletters and town hall meetings. Furthermore, we advocated an open-door policy by encouraging employees with questions or concerns to approach their managers, the Office of Ethics and Compliance in Europe or designated in-country compliance liaisons.

Medline's ethics and compliance helpline facilitates questions and good-faith reporting of any potential issues. There are procedures in place for the follow-up and resolution of matters reported through the helpline. Although no material reports were received in 2017, we did see an upward trend in the number of questions and support requests from teams and functions across the company. We interpreted this as a positive sign of increased awareness and understanding of ethics and compliance topics, leading to constructive and healthy collaboration between the Office of Ethics and Compliance and the rest of the organisation.

Employee learning opportunities include training for new hires as part of their onboarding experience, ongoing compliance training for all employees and targeted in-depth training for particular functional or geographic groups of employees. In 2017 we added data protection e-learning to our training programme. We also prepared new training materials for 2018.

We encourage our employees to initiate dialogue on issues related to ethics and compliance.

ACT WITH INTEGRITY

In 2017 Medline launched an internal communications project in Europe to highlight the company's mission and values, which include acting with integrity. Acting with integrity is part of who we are, rather than an obligation for all of us at Medline, and this was reiterated in the messaging to employees.

Acting with integrity is a cornerstone of our company values.

Medline's anti-bribery compliance programme targets, on the one hand, our employees' interactions with government officials, suppliers and third parties in general, and on the other hand, employees' interactions with healthcare providers. Our policy is not to make or receive improper payments and not to tolerate incidents of corruption. In 2017 this policy again resulted in the absence of fines or sanctions related to bribery or corruption. In 2018 we will consider whether and how we will adapt our global programme to numerous European anti-bribery legislative initiatives in order to further strengthen and broaden the effectiveness of our programme.

Medline Europe is committed to complying with the *MedTech Europe Code of Ethical Business Practice*, published in 2016. In 2017 we made changes to the way we market and promote our products to healthcare providers, including phasing out, without limitation, educational grants to or at the request of healthcare providers.

Conflicts of interests are often at the heart of compliance concerns. Medline therefore prioritises identifying and managing conflicts of interests as a key area of our Ethics and Compliance Programme. In order to protect both employees and the company, Medline's policy is to avoid any activity or personal interest that creates an actual or perceived conflict of interest. We originally planned to roll out training and an online disclosure platform in Europe to facilitate the reporting of potential conflicts in 2017, but have had to postpone this to 2019 for technical reasons.

RESPECT FOR OTHERS

Respect for others covers respect for employees, customers, suppliers and categories of data in our business activities.

Knowing that the General Data Protection Regulation (GDPR) was coming into effect in 2018, we put a lot of time and effort into making the necessary adjustments and preparations in 2017. This included appointing an information security officer and developing privacy policies and related controls to ensure all data in our care is kept as private as required. Furthermore, an awareness programme, which we prepared in 2017, to enhance respect between and towards employees will be rolled out in 2018.

We took steps to ensure that we comply with the GDPR, important European legislation, which comes into effect in 2018.

GOOD BUSINESS PRACTICE

As was the case last year, we see a sustained global trend of governments and society calling for transparency in our industry. A process for reporting in Belgium, the Netherlands, Portugal and MedTech Europe is currently being integrated into our internal global transparency programme.

We support transparency in the medical device industry.

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*.

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 inequality).
- » **Our participation in the UNGC**, which is underpinned by 10 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 Dutch Child Labour Due Diligence Law.
- » **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 to an independent, dedicated hotline.

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

Medline's Supplier Code of Conduct applies to our manufacturing subcontractors around the world. The Code is based on:

- » Conventions and guidelines of the International Labour Organization (ILO).
- » Recognised international social compliance standards: Social Accountability 8000, Ethical Trade Initiative Base Code, 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. A total of 305 audits were conducted between 2015 and 2017 – of these, 289 audits were of first-tier manufacturing partners and 16 were of packaging providers. No occurrences of slavery, human trafficking or forced labour in Medline's supply chain were found by our auditors.

Medline's European operations have embarked on a multi-year project to encourage eligible first-tier suppliers in our supply chain to become WRAP certified. WRAP is a social compliance standard for the apparel and textiles industry (e.g. factories, textile mills, distribution centres). Facilities are audited to ensure they comply with WRAP's 12 principles for ethical and socially responsible business conduct.



Suppliers of Medline-branded medical textiles and wearables, and protective apparel are being targeted for WRAP certification. Examples of affected products include sterilisation wraps, boot covers, facemasks and headwear.

EXAMPLES OF MEDLINE PRODUCTS MANUFACTURED IN A WRAP-CERTIFIED FACILITY

WRAP certification means that our customers can rest assured that the factory in which Medline products are manufactured offers its workers fair and decent working conditions, and is environmentally friendly.



Headwear
FS60950B



Type IIR Facemasks
NON27410



**Prevention Plus
Boot Covers**
NONE27348PXL



**Gemini Sterilisation
Wraps: single, bonded and
interleaved wraps**
GEM0-5xxxx-EU
GEM0-5xxxxT-EU
GEM1-4xxxxINT-EU

We recognise that maintaining strong and good relationships with our suppliers and customers is key to the success of the WRAP initiative. Consequently, we have enlisted the active involvement of different internal stakeholders (e.g. CSR, product divisions and buyers, marketing and communications, sales and the senior leadership team). By transforming our own supply chain, we aim to set a positive example for the broader medical device industry, our customers and society.

FUTURE PLANS FOR 2018

We will continue to implement the WRAP certification project in our supply chain in 2018, and to engage our customers on this topic. In addition, we will monitor regulatory developments related to labour and human rights across Europe to ensure our policies and practices are up to date.

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 and retain a talent pool of highly competent individuals who contribute to the business's long-term success and viability.

Our local human resource representatives support employees in the 13 European countries where we have operations. The representatives report to the senior director 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. They also ensure 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 value and promote diversity in our workforce.

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 2017 (employees originating from Europe, North and South America, Asia and Africa).

Other indicators of our performance in employee diversity and equal opportunity in 2017 were:

DIVERSITY AND EQUAL OPPORTUNITY AT MEDLINE (2017)



Diversity metrics are monitored on an ongoing basis, and appropriate measures are put in place. For instance, 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.

RECOGNISING EXCELLENCE

Twice a year, a handful of employees are chosen to receive our internal *Above and Beyond Award*. This award is given to teams or individuals who have exceeded expectations and demonstrated exceptional dedication in their service to our business, our customers and fellow colleagues. The winners are announced by the group president and are featured in Medline's internal newsletter. Four individuals received the *Above and Beyond Award* in 2017 (2016: six individual awards).

In 2017 there were four recipients of our internal Above and Beyond Award.

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.

TRAINING AND PROFESSIONAL DEVELOPMENT

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.

More than 70% of our employees participated in a training session in 2017.

We place equal value and emphasis on internal training (provided by competent employees who are subject specialists) and external training (provided by professional trainers). Subject areas span cultivation of management and leadership skills, product training, language courses and professional certification courses (e.g. information technology, supply chain management).

The total number and duration of training sessions held in 2017 were as follows:

Training-related indicators	2017	2016
Total number of training sessions hosted or paid for by Medline (internal and external)	370	344
Total duration of training sessions held during the year (in days)	1,268	926

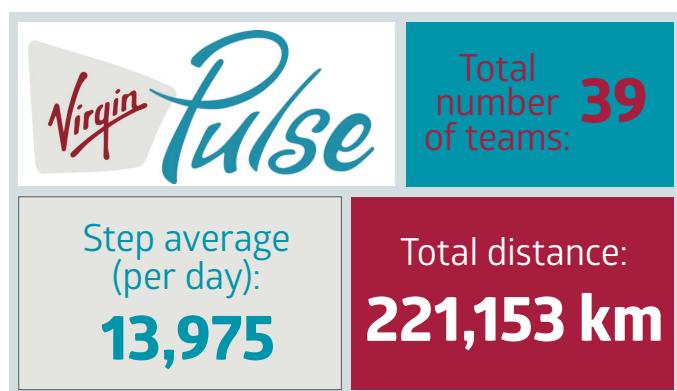
More than 70 per cent of our employees participated in a training session in 2017. More than half of these participants were women.

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 fitness centre; the ability to work from home once per week in some European countries; and free deliveries of fresh fruit at work sites.

For the third consecutive year, Medline employees participated in the Virgin Pulse Global Challenge in 2017 (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.

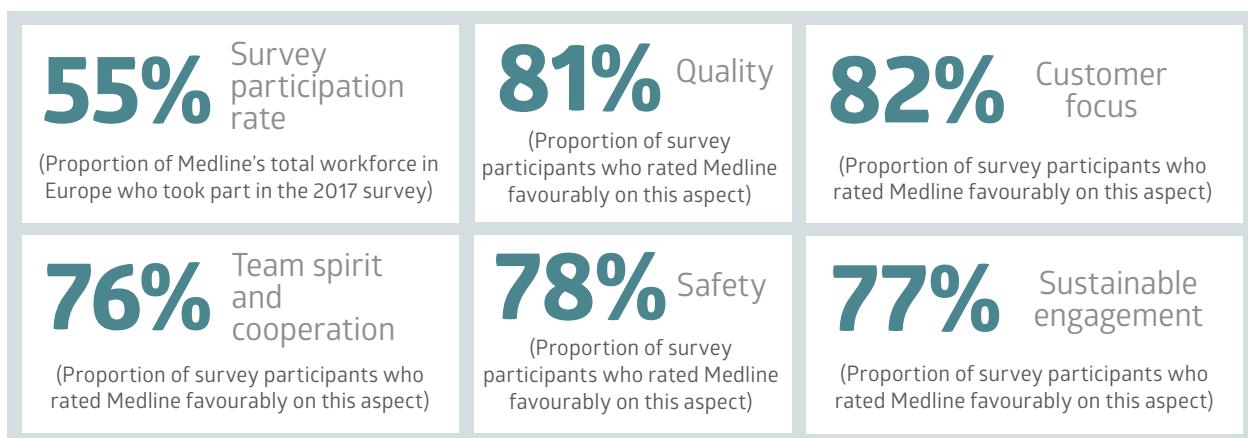


We have measures in place to improve work-life balance such as the ability to work part-time during and outside of parental leave.

EMPLOYEE ENGAGEMENT

In 2017 we conducted an employee engagement survey amongst our employees in Europe. The survey was administered by our parent company in the United States across all Medline employees worldwide. Employees were able to participate anonymously, and the 16 categories in the survey ranged from occupational health and safety to career development.

The areas rated most favourably in 2017 are illustrated below:



On a company level (Europe only), the areas identified in the survey as requiring the greatest improvement were eliminating obstacles to efficiency and communication. Each department also identified its own areas of improvement. Action plans are being implemented to increase employee satisfaction in these respective areas.

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 2018

We will launch our formal diversity and inclusion policy in 2018. The policy will articulate Medline's vision for diversity and inclusion, and identify specific actions to be taken at different levels within the organisation.

In 2018 we will pilot a mentorship programme for managers. The purpose of the programme is to coach employees to excel in their current roles, whilst also identifying opportunities for future career advancement within Medline and preparing employees for those. If successful, more employees across Europe will be invited to join the programme.

SUPPLEMENT: PROFILE OF MEDLINE'S WORKFORCE

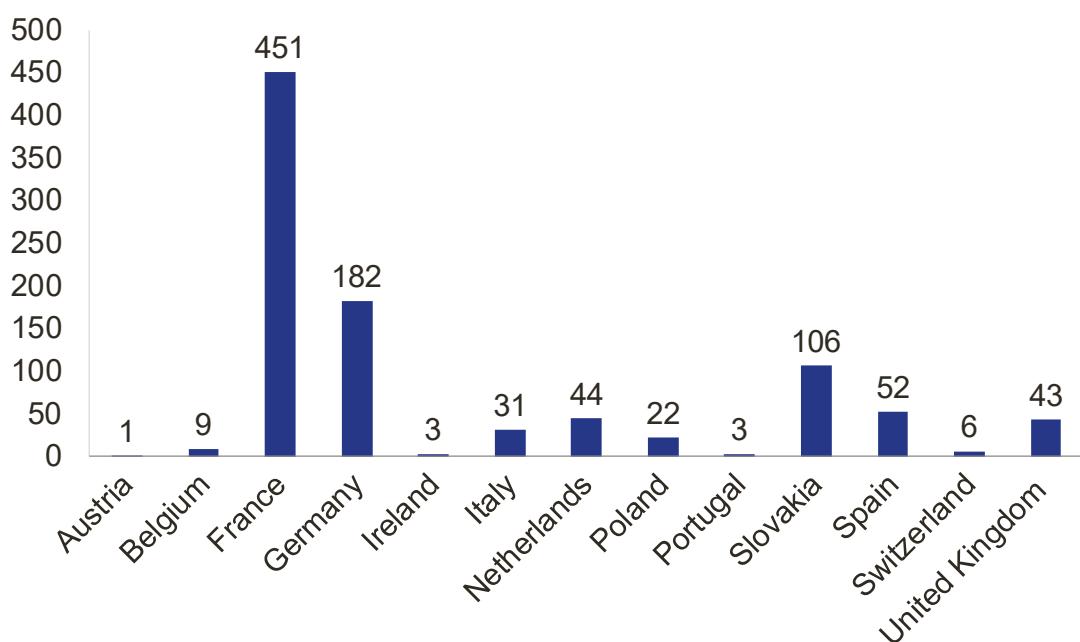
TOTAL HEADCOUNT

The number of employees in Europe grew by 11% in 2017 compared to 2016.

In 2017 our European workforce totalled 953 (2016: 858); 66 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 2017

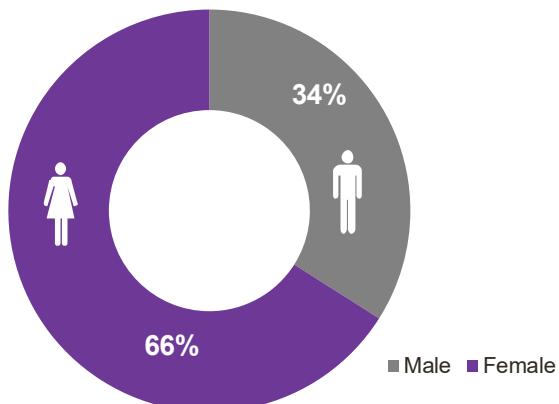


Total number of employees in Europe in 2017: 953

GENDER

The gender ratio remained constant in 2017 versus 2016: 66 per cent of our workforce was made up of female employees in 2017 (2016: 66 per cent), and male employees were in the minority at 34 per cent (2016: 34 per cent).

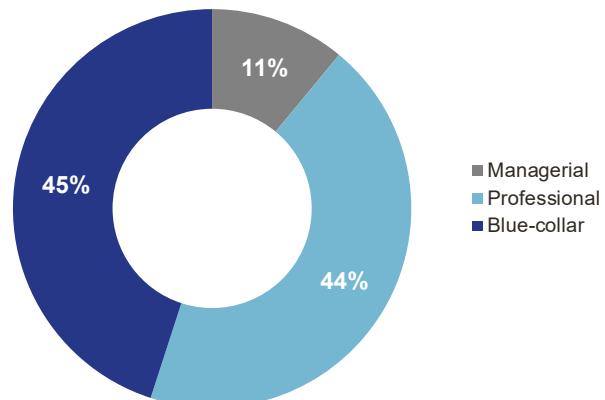
GENDER COMPOSITION OF
EUROPEAN WORKFORCE 2017



EMPLOYEES BY CATEGORY

Blue-collar workers constituted 45 per cent of our workforce in 2017 (2016: 38 per cent), with professionals at 44 per cent (2016: 52 per cent) and management at 11 per cent (2016: 10 per cent).

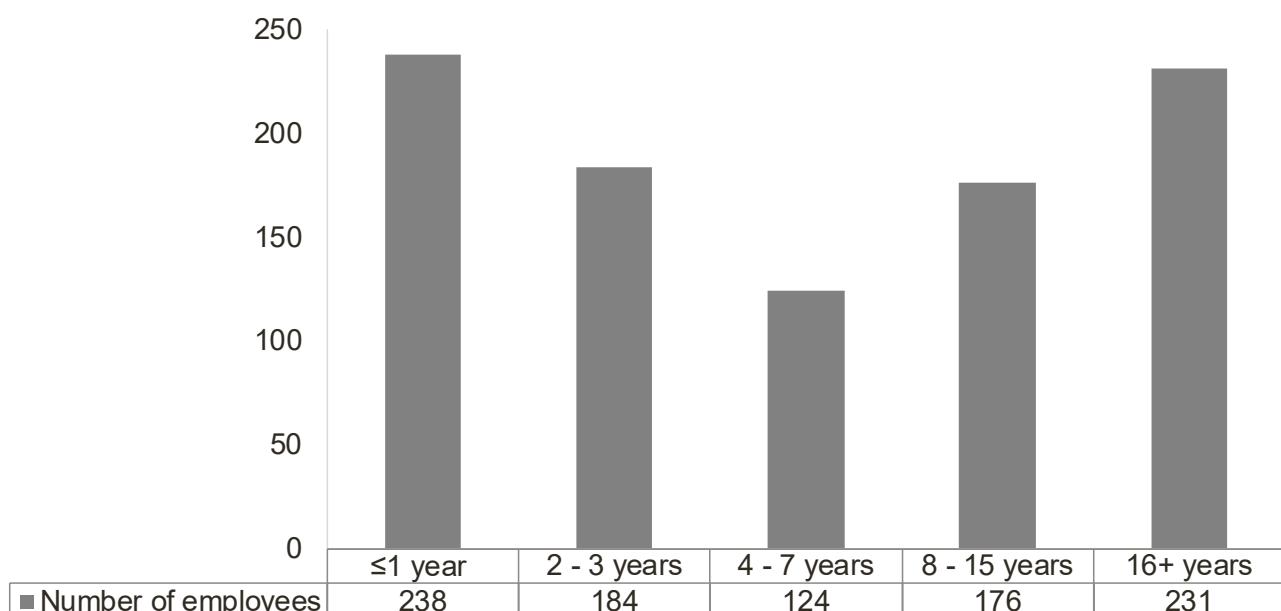
EMPLOYEES BY CATEGORY 2017



LONGEVITY OF EMPLOYMENT AT MEDLINE

In 2017, 24 per cent of our employees had worked for Medline for more than 15 years (2016: 28 per cent); 44 per cent of our employees had worked for Medline for up to three years (2016: 37 per cent); and 31 per cent between four years and 15 years (2016: 35 per cent).

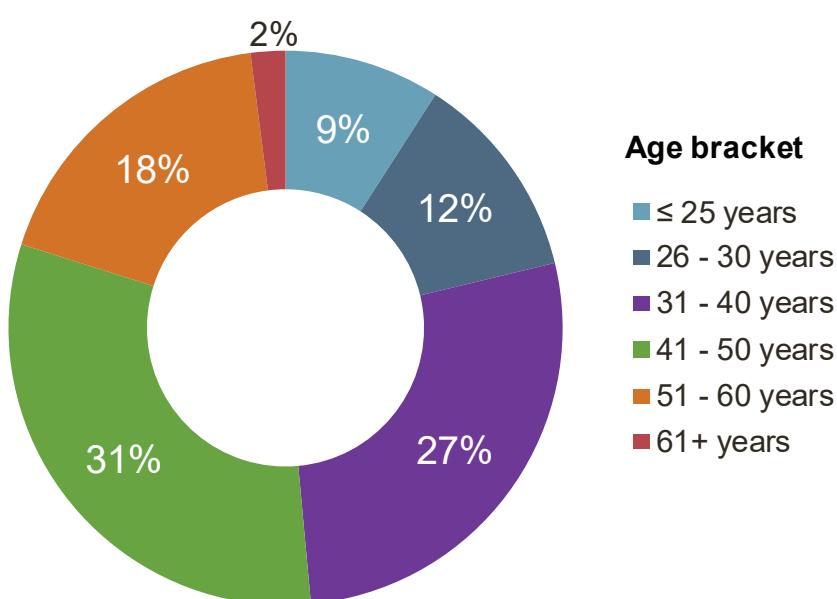
YEARS EMPLOYED BY MEDLINE AS OF 2017



AGE

In 2017, 39 per cent of our employees in Europe were aged between 26 and 40 (2016: 39 per cent). The average age of our employees was 41 years old (2016: 41 years old).

AGE OF EMPLOYEES 2017



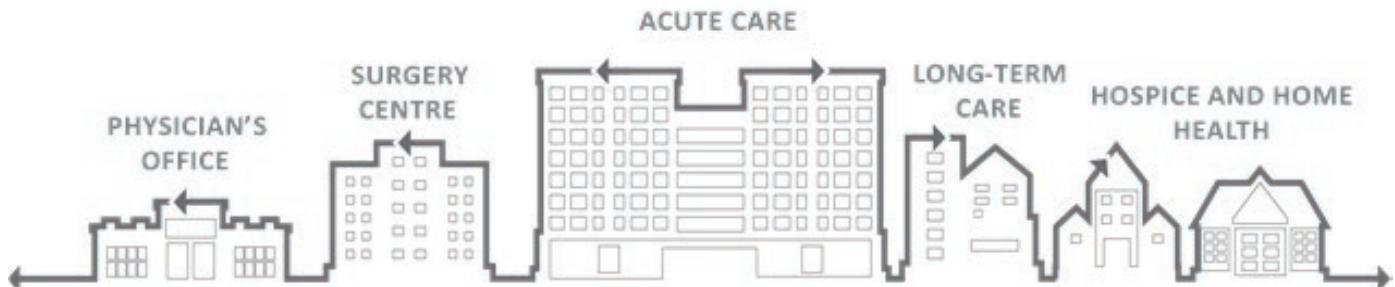
DEVELOPING APPROPRIATE PRODUCTS AND SERVICES FOR CUSTOMERS

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:



NEW PRODUCTS AND SERVICES LAUNCHED IN 2017

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.

PRODUCTS

Medline introduced more than 300 new products in 2017.

Medline introduced more than 300 new products¹ in Europe in 2017, including wound care, falls prevention kits, staff headwear, suction systems and accessories, and patient bathing products. In our sterile procedure tray (SPT) division more than 2,000 new custom-designed packs were brought to market in 2017. Medline observes (and in some instances exceeds) all applicable standards and regulations for product quality, safety, labelling and other product features.

We made a strategic decision in 2017 to terminate our distribution agreement with Cardinal Health for surgical gloves in Europe. Instead, beginning in January 2018, we will offer our own Medline-branded surgical glove lines: Signature Latex and SensiCare PI. The nine new gloves in these two lines will provide healthcare professionals with a wide array of gloves to fit varying user needs and preferences, for every type of surgery.



Surgical glove: Medline SensiCare PI Green



Surgical glove: Medline Signature Latex Green

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

SERVICES

In an exciting development in 2017, we partnered with two customers in Seville and Barcelona respectively to launch our new range of Personal Protective Equipment (PPE) Dispensers. Functioning like smart vending machines, users can select Medline-branded scrub suits by type and size.

Thanks to the dispensers, our customers benefit from on-demand availability of scrub suits 24 hours a day, 7 days a week. For added convenience, MedStock, Medline's web-based inventory management platform, tracks data on products dispensed, when and to whom. This enables improved inventory and cost management.

We launched 20 PPE Dispensers in Spain in 2017.

PPE Dispensers

- Dispensers feature a modular, scalable design.
- User self-identifies with a badge or access code.
- User selects size and type of garment required.
- Garment is released immediately to the user.
- System registers the selection and assigns it to a cost centre.



Medline PPE Dispenser (scrub suits)



MedTrans truck

Medline also expanded its MedTrans customer delivery service in 2017. Our fleet of eight MedTrans vehicles is now active in Germany and France. MedTrans is a Medline-owned fleet of trucks that can be relied upon to make timely, cost-effective deliveries to customer premises.

MedTrans services offered include roll cage deliveries, whereby cargo loads are broken down into smaller lots before being shipped to the customer. These deliveries can be customised down to ward level. An advantage of this approach is reduced cardboard packaging on customer premises (recycled by Medline), which translates into more efficient product deliveries.

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.

We introduced a new Medline-branded fluid management product line in Europe in 2017. Unfortunately, some of our customers experienced issues with the performance of our Med-

A field safety notice related to our new fluid management product line became an opportunity to engage constructively with our customers.

Soft 3-litre suction liners when used under certain conditions. Medline responded quickly by issuing a field safety notice. The purpose of the notice was to present our customers with detailed information on how to continue to use the product safely, and to give customers the option to return the product and receive a replacement.



New and improved:
Med-Soft 3-litre
suction liner

A new, improved design for the Med-Soft 3-litre suction liner has since been developed and tested with customers as well as in a formal laboratory setting. The new liner will be available from January 2018.

This ultimately proved to be a positive experience for both Medline and our customers as it gave us an opportunity to reiterate and elaborate on the safety credentials of our products. All of our fluid management products comply fully with all relevant ISO standards and have been carefully tested and manufactured.

Customer complaints per million units sold across all product categories declined from 1.03 in 2016 to 0.88 in 2017. This 14.5 per cent decline in complaints underscores Medline's commitment to quality products and services, and taking feedback from our customers into account.

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 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, whilst also taking into account industry averages.
- » Careful management of Medline's operating costs and overheads to avoid the need to pass on markups to customers.

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 2018

Medline will continue to ensure our products and services are innovative and responsive to customers' needs and circumstances in the various European markets.

Furthermore, our pricing will continue to support the delivery of cost-effective patient care without compromising on quality.

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. Medline's charitable giving initiatives are overseen by our CSR and marketing and communications departments, with support from the entire organisation as a whole. We have a *Charitable Donations Policy* in place to provide guidelines.

BREAST CANCER AWARENESS

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

In Europe, Medline manufactures and sells limited-edition Generation Pink exam gloves. These vinyl and 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 a comfortable, friendly and open dialogue with patients.

Medline collaborated with KABE in 2017 to translate an educational mobile app into German.

In 2017, Medline made a cash donation to KABE, combining part of the proceeds from our pink glove sales in Europe with wider financial support. KABE is a youth-focused non-profit organisation that provides education on various topics related to breast cancer, including prevention, early detection and potential sources of carcinogenic toxins in daily life. KABE has developed a mobile application called 'Check Yourself', which is designed to educate young people about breast health and encourage regular self-checks. To expand the reach and impact of the 'Check Yourself' app, Medline donated a total of €7,500 to KABE in 2017 to translate the app into an additional European language: German. Find out more about the app [here](#).

For the second 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 30 European countries (Medline employees were excluded). Winners were selected based on the number of Facebook likes.

Healthcare workers in Europe submitted 38 photos for our 2017 Pink Glove Photo Competition.

We received 38 photos from eight European countries, which drew more than 21,000 likes on Facebook. The winner was Dr Anastasia Pazaiti, a breast cancer surgeon from Greece. The 2017 Pink Glove Photo Competition and Dr Pazaiti's victory generated significant publicity in Greece.

In addition to a television appearance, the photo and the competition received media coverage in various magazines, newspapers, blogs and online radio sites. The winning photo will feature in various Medline print and online communication channels over the course of 2018. Furthermore, as part of the prize, Medline donated €1,000 to [KEPHI](#), a Greek non-profit organisation that provides support to cancer patients and their families.

European breast cancer awareness campaign

€7,500

donated to KABE
in 2017



21,000 LIKES

for 2017 Pink Glove
Photo Competition

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

**More than
320**

participants in Europe's
Pink Glove Photo
Competition

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



Winning photo from the 2017 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 29 photos were entered. The winning photos are featured below.



First place: 'Protect the Essential'
by Claudia Michel (Châteaubriant)



Second place: 'Le service Qualité fait son combat ROSE' by various employees (Châteaubriant)



Third place: 'Operations Team Kleve'
by various employees (Kleve)

To further encourage employee engagement, each Medline site organised a Pink Day in October 2017. Activities included pink-themed breakfasts and lunches and information sharing about Medline's breast cancer awareness campaign.

PRODUCT DONATIONS

In developing countries around the world, many communities lack access to reliable, affordable and high-quality healthcare services;² part of this problem is a shortage of medical supplies.³ As a manufacturer and distributor of medical devices, Medline is well-placed to play a role in addressing this global challenge and has developed a partnership with United Kingdom-based IHP, a non-profit organisation that facilitates product donations between companies in the healthcare sector and aid agencies. IHP is internationally focused and channels the donations of Medline-branded products to developing countries.

Aid agencies that IHP worked with in-country to distribute products donated by Medline in 2017 included:

- » Food For The Poor.
- » Stichting Humanitaire Hulpgoederen Internationaal (HRIF).
- » Tearfund Belgium.
- » World Hope International.

Medline IHP product donations



Photo credits: IHP

²⁾ World Health Organisation, 2010. *Medical devices: Managing the mismatch.*
Available online: http://apps.who.int/iris/bitstream/10665/44407/1/9789241564045_eng.pdf

³⁾ ibid.

Whilst IHP remains our main platform for product donations, we also donated medical supplies to other charities providing medical relief services to developing countries in 2017:

- » Entraide Sans Frontière (various surgeries in Cameroon).
- » Operation Walk Ireland (hip and knee replacement procedures in Vietnam).
- » Solidarité-Brûlés Nantes-Lomé (plastic surgery on burn patients in Togo).

Medline is privileged and humbled to contribute to improved healthcare services for patients all over the world.

- 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).

LOCAL DONATION COMMITTEES

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.

Our donation committees gave €11,000 to various causes in 2017.

Causes supported by the committees in 2017 included:

- » Cancer awareness and patient treatment/support through donations to Corri La Vita (Italy) and Acreditar (Portugal).
- » Food aid and other support for the poor and socially disadvantaged through donations to Fialový mak (Slovakia) and Klosterfakte (Germany).
- » Literacy and education through donations to Room to Read (Benelux) and Castel'R'aid 205 (France).
- » Assistance for people living with serious long-term medical conditions to cope (e.g. by modifying their homes or supporting them in incorporating sports and physical activity into their lives). We made donations to CAP SAAA (France) and Shine (United Kingdom).

In addition, through the committees, Medline sponsored local sports teams (football and basketball) in France and Italy. We provided the teams with uniforms as well as direct financial support. Our sponsorships are in line with our goal to support local community initiatives that promote physical and mental health and well-being.



Cheque handover: Klosterfakte, Germany

FUTURE PLANS FOR 2018

The third edition of the Pink Glove Photo Competition will take place in 2018 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 European Spanish in 2018.

Starting in 2018, Medline will also support employee participation in medical service trips to developing countries to deliver healthcare services. Medical service trips complement existing activities like our product donations, and give employees a way to more directly and personally live the company's mission of 'improving patient care and enhancing the quality of people's lives'.

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 that there are 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.

INVESTING IN RENEWABLE ENERGY

Renewable energy is energy generated from a natural resource that is capable of replenishing itself—it is therefore ‘renewable’ as it (almost) never runs out. Medline makes use of both solar and geothermal energy in its European operations. These two energy sources, as well as other renewables like wind and hydro, are considered cleaner than fossil fuels because they pollute less, and mitigate instead of contribute to climate change.

Clean air improves human health

The healthcare industry uses about 73 billion kilowatt hours of electricity annually in the United States alone, enough to power more than six million homes for one year.⁴ Ironically, this footprint means that we are creating the very health concerns we aim to treat. The combustion of fossil fuels to make electricity creates air pollution that is the source of several health concerns, such as asthma, pulmonary disease and tuberculosis. Children and people with acute and chronic respiratory disease are especially at risk for health problems linked to air pollution.⁵ Rising global temperatures not only exacerbate these issues, but also create conducive conditions for the spread of infectious diseases and mosquito-borne illnesses. All of this increases health costs in our communities and to our customers. By investing in renewable energy, we are investing in clean air and better human health.

SOLAR ENERGY

Medline recently invested €1 million in a 1-megawatt solar panel installation in Kleve, Germany. Kleve is home to our 37,000-square-metre international distribution centre, an office and our European data centre. In total, 3,770 solar panels were installed on the roof of our distribution centre, and this is Medline’s biggest solar panel project worldwide. The installation became operational in February 2017 and has already met expectations. By 31 December 2017, we generated 100 per cent of the projected solar electricity for the year (940 megawatt hours) and met our target for avoided emissions (560 tonnes of avoided CO₂ emissions per annum). Solar electricity represented about 30 per cent of our total electricity consumption in Kleve in 2017. To raise awareness internally, we have created a Solar Energy Tracker on our Intranet so that our employees can view our daily and monthly solar power generation and avoided carbon emissions.



Medline's international distribution centre in Kleve, Germany

⁴⁾ Using EPA calculator (<http://www.epa.gov/cleanenergy/energy-resources/calculator.html>)

⁵⁾ http://www.catf.us/resources/publications/files/The_Toll_from_Coal.pdf

GEOTHERMAL ENERGY

Geothermal technology heats and cools buildings using the constant temperature below the earth's surface, which is warmer than the air above it during the winter and cooler than the air in the summer.

At our corporate headquarters in Arnhem, the Netherlands, geothermal energy is used to cool and heat the building in which our offices are located. At this site, 100 per cent of our energy consumption for heating and cooling is geothermal. In addition, about 90 per cent of our total purchased electricity (for uses other than heating and cooling) is derived from a combination of wind and solar energy.



IMPLEMENTING OUR ENVIRONMENTAL MANAGEMENT SYSTEM



An environmental management system is an enterprise tool to identify and control environmental impacts. Medline's environmental management system is driven by our ISO 14001 certification.

Medline retained its ISO 14001 certification at three European sites in 2017.

Developed by the ISO, ISO 14001 certifies that environmental management systems are in place at a facility, and that they are being measured and improved upon. In Europe, three of our facilities are ISO 14001 certified: our manufacturing facility in Châteaubriant, France, and our international offices in Madrid, Spain, and Florence, Italy.

LAUNCHING OUR GREEN BUILDING POLICY

In 2017 we launched our new Green Building Policy. The objective of the policy is to ensure that all properties owned and leased by Medline in Europe are environmentally friendly. Green building features that we promote include the use of renewable energy; energy and water efficiency; waste management; and ethically and sustainably sourced construction materials and furnishings. We will apply the Green Building Policy to the planned extension and renovation of our office buildings in Châteaubriant, France, in 2018.



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 (GHG) 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).

GHG INVENTORY

Medline submitted its annual GHG inventory report to the CDP in 2017.

Since 2012 we have measured our carbon emissions through an annual GHG inventory that measures 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.⁶ Our inventory is prepared in line with the applicable international GHG Protocol standards. The sources of scope 1, 2 and 3 GHG emissions are illustrated below:⁷

Relationship between scope 1, 2 and 3 GHG emissions

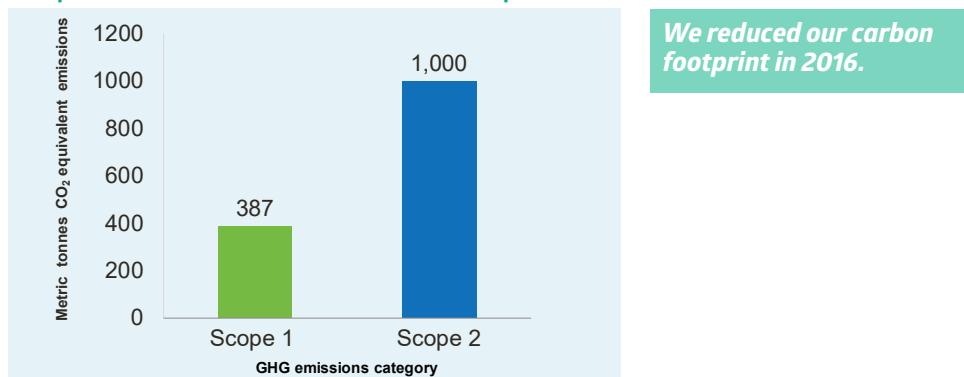


Source: Based on GHG Protocol, 2013. Scope 3 Accounting and Reporting Standard

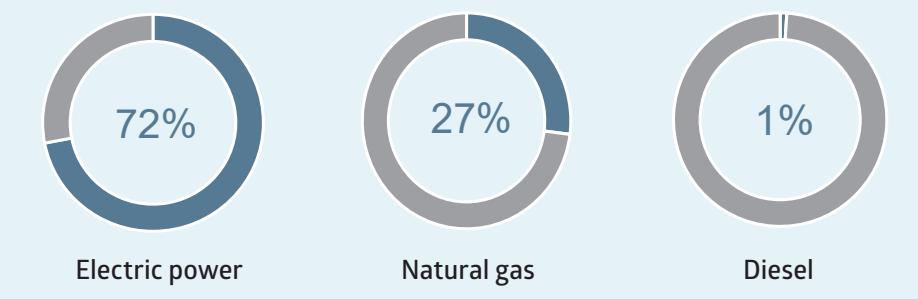
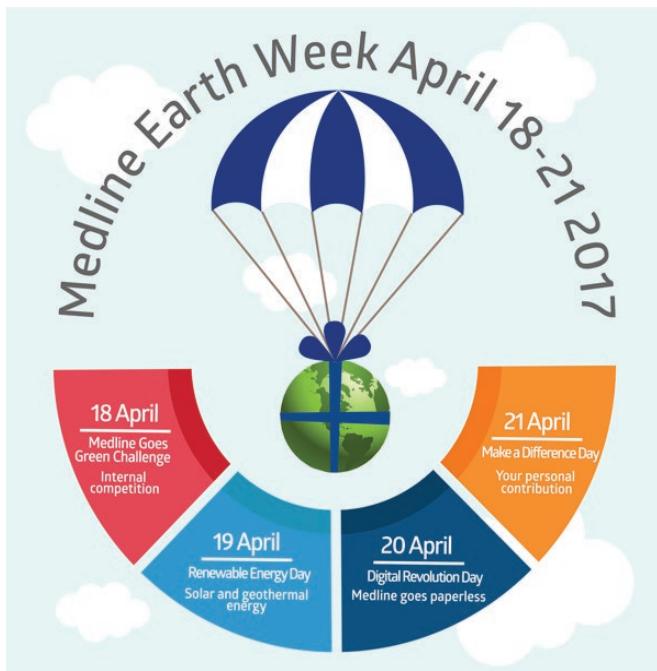
Total GHG emissions in Europe

Medline's combined scope 1 and scope 2 emissions in Europe were 1,387 tonnes of CO₂ in 2016 (2015: 1,842). Our carbon emissions were 25 per cent lower in 2016 than the previous year.

Scope 1 and 2 GHG emissions in Europe 2016



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.

SOURCES OF GHG EMISSIONS**RAISING ENVIRONMENTAL AWARENESS AMONGST OUR EMPLOYEES**

Medline celebrated Earth Day through an information campaign called Medline Earth Week from 18 to 21 April 2017. 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.

We observed Earth Day in 2017 by hosting Medline Earth Week.

FUTURE PLANS FOR 2018

Medline will introduce a new transport management system for road freight in 2018. This system involves consolidating shipments and improving the fill rates of trucks, which will reduce the number of trips and associated vehicular emissions.

We are conscious of regulatory and customer interest in the use of safer chemicals in medical devices. Medline will continue to comply with the Registration, Evaluation, Authorisation and Restriction of Chemicals regulation (REACH), the Medical Devices Regulation (MDR) and the Restriction of Hazardous Substances (RoHS) directive.

⁶⁾ 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.

⁷⁾ 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: STATEMENT ON UK MODERN SLAVERY ACT 2015

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.

Section 54 of the United Kingdom's Modern Slavery Act of 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 2017 financial year that ran from 1 January 2017 to 31 December 2017. 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 in the United States. Our global headquarters are located in the United States in Northfield, Illinois.

Originally founded in 1910, Medline has evolved and matured as a business and currently provides more than 350,000 medical products (e.g. exam gloves, protective apparel, packs and gowns, and surgical trays) that help customers achieve clinical and financial success. Our innovative products and solutions are patient-centred and can be found in many hospitals, extended-care facilities, surgery centres, physician offices, home care dealers, home health agencies and retail outlets.

Medline does business in more than 90 countries, and employs more than 18,000 people worldwide who contribute to annual global revenues in excess of US\$10 billion.

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. We serve customers in 29 European countries. Medline Industries Limited is the United Kingdom entity through which our local sales/distribution business in the United Kingdom is conducted.

RELEVANT COMPANY POLICIES TO PROMOTE FAIR AND DECENT WORKING CONDITIONS AND EMPLOYMENT PRACTICES

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 ILO 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.

DUE DILIGENCE PROCESSES FOR FAIR AND DECENT WORKING CONDITIONS AND EMPLOYMENT PRACTICES

Our suppliers

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 or 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 2017, our internal auditors conducted 305 social compliance audits in Asia. Of these, 289 audits were of first-tier manufacturing partners and 16 audits were of packaging providers. 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 in order 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 2017 Pink Glove Photo Competition



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Photo credit for front cover: International Health Partners

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