

COMMUNICATION ON PROGRESS (COP)

The Medical Export Group BV
Hooglandseweg 6
4214 KG Vuren
The Netherlands

Period covered by your Communication on Progress (COP)

From: 9th February 2018 To: 31st December 2018

1. STATEMENT OF CONTINUED SUPPORT BY THE CHIEF EXECUTIVE OFFICER (OWNER OR PRESIDENT IN THE CASE OF SMALL BUSINESSES)

Please use the box below to include the statement of continued support signed by your company's chief executive

Please find enclosed our officially signed statement as well.

5th February, 2019

To our stakeholders:

Hereby I am pleased to reaffirm The Medical Export Group's support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment and Anti-Corruption.

We are committed to continuously incorporate the Global Compact and its principles as part of the strategy, culture and day-to-day operations of our company, and to participate in collaborative projects which advance the broader development goals of the United Nations, particularly the Sustainable Development Goals.

Especially the move in November 2018 to our new and state-of-the art office and warehouse has supported and will support us in achieving higher sustainability results on structural level. Furthermore, also in the field of human rights and labour further progress was made last year.

For 2019 we foresee a next move to an even more sustainable operation as the positive effects of the transfer to new premises will become apparent. In addition, next steps in employee development will be taken. Finally, also the implementation of a new ERP system will create beneficial results in a.o. a reduction in the use of paper.

In this annual Communication on Progress, we describe our actions to continually improve the integration of the Global Compact and its principles into our business strategy, culture and daily operations. Since we support public accountability and transparency, we also commit to sharing this information with our stakeholders using our primary channels of communication. Sincerely yours,

Mr. Sander van Woerden

Managing Director

2. DESCRIPTION OF ACTIONS

Human Rights

Please use the box below to describe **actions** your company has taken in the area of human rights. Examples include:

- Most of the actions that The Medical Export Group (*abbreviated as of now as MEG*) has taken in 2016 and 2017 have been continued in the same or even further improved fashion in 2018 such as:
- In our recruitment process we continued to pay high value on working without any form of prejudice in age, gender, race or religion. Also the recruitment agencies we work with are made aware of and have to confirm adherence to our clear position in this area.
- In MEG warehouse safety garment and safety shoes are obligatory and MEG ensures availability for those employed in the warehouse. Also, neon-coloured vests and safety shoes are made available (and obliged) to wear by other MEG employees and visitor entering the warehouse.
- Warehouse staff is clearly recognizable by means of MEG-marked corporate clothing, made available by the company. Visitors can be clearly distinguished through the neon-coloured vests.
- We have continued to insist on each supplier and service provider to represent and guarantee that neither it nor its affiliates are engaged in any practice inconsistent with the rights set forth in the Convention on the Rights of the Child.
- We increased the number of company presentations for all employees on financial results, projects, developments and implications from once every quarter to once every 2 months. Additional meetings were held on the status, progress and implications of the move to our new warehouse and offices to ensure employees were engaged and well-informed. The meetings left sufficient room for questions and answers.
- In addition the following new actions were implemented in 2018:
- MEG has appointed both an internal and external counsellor to enable employees to report incidents safely and anonymously;
- MEG has updated the HR guide with strong emphasis on a safe working place with adequate room and attention for personal growth. Additional paragraphs have been drafted to raise additional attention to our zero tolerance approach towards inappropriate behavior;
- MEG has appointed a new external health and safety counsellor. Also have we increased the presence of the counsellor at our premises for meetings with employees up to once every 3 weeks;
- MEG HR department has provided all managers with a training how to deal on a suitable and constructive manner with sick leave/absenteeism;
- Reinforced and structural monitoring and guidance of sick leave;
- Appointment of dedicated internal health and safety coordinator;
- Re-draft of health and safety plan for approval and implementation in 2019;
- On 4th November we moved to our brand new and modern office building and warehouse. This move provides all our employees with more average working space. Furthermore, heating and cooling can be better set in various segments of the offices and at more intervals;
- The new office building is equipped with 8 meeting rooms allowing teams to meet more easily and effectively;
- Also the office contains 12 rooms allowing employees to work in seclusion for e.g. high-concentration tasks as well as for mothers to pump breast milk;
- About 15% of the working space in the office is now equipped with desks that allow to switch between a standing and sitting working mode. Studies have shown beneficial health effects. MEG intends to increase the number of this type of desks in 2019;
- In order to reduce waste of good products, every quarter MEG conducts a review of the stock positions and reaches out to charities for a donation of shorter shelf life stock or non-movers;
- MEG provides employees with electric cars with a charging card.

Labour

Please use the box below to describe **actions** your company has taken in the area of labour. Examples include:

- In 2018 while maintaining all benefits as described in our previous COP and positive effects described above under “human rights” the following initiatives were implemented:
- A full implementation of the “performance cycle” with which we pay high attention to the continuous growth and development of our employees. Each employee chosen targets related to their function and to key competences. Each cycle consists of at least 3 evaluation moments on the status of achievement of these goals. Additional support and coaching is available upon the request of the employee. All managers received training on the constructive approach of each of the 3 evaluation moments as well as on structural coaching of their employees;
- In 2018 all department managers completed an intensive training course on excellent operational leadership. The main objective is to train the managers to effectively and positively guide and coach employees enabling them to excel;
- All job descriptions were reviewed and updated in a process whereby employees of each function level were involved and engaged to provide their input on the content and deliverables of their own job;
- The introduction course of new employees was reviewed and upgraded, with new presentations of all departments and additional focus on company mission, vision, strategy and core values;
- We have further tightening adherence and written confirmation of all our vendors and service providers to our Ethical Code of Conduct which includes as one of the prime conditions zero tolerance on child labour;
- All commercial staff was offered an intensive commercial training focusing on both commercial skills as well as personal development;
- In 2018 we started the implementation of a UN-funded large scale turnkey project for the supply of medical equipment in 80 hospitals in Ethiopia including training, installation, commissioning and after sales. In our strive to contribute to local capacity building, we set up a consortium with a strong local/regional footprint. Our installation partner works with local technical staff and our training partner makes use of regional teaching staff;
- 2018 also marked the start of an intensive fleet review process to be fully executed in 2019. With this fleet review we will get solid insight in present capacities of all our staff members and their potential and direction of development. This information will be used to draft a personal development plan and coaching process for each individual employee.

Environment

Please use the box below to describe **actions** your company has taken in the area of environment. Examples include:

- With the following initiatives MEG has been able to reduce the carbon emission in 2018 substantially:
- Main development in 2018: the transfer of office and warehouses (finalised on 4th November) to one new central location. From 2015 until October 2018 we owned 2 warehouses at the same industrial estate but not directly connected. In addition, to the sheer growth in stock keeping of kits for our clients, we also had to contract 3 additional 3PL locations in various parts of the country to ensure sufficient storage capacity. This led to additional movement of goods between the kitting location and storage locations. By centralizing all warehousing activities, we completely rule out all these goods movements and related carbon emission.
- With the construction of the new office and warehouse the following main positive, environmental effects have been realized:
- The wood used in the construction of the new warehouse is all FSC-certified;
- Construction material used was mostly prefab and of low environmental impact;
- Heating is achieved via all-electric heat pumps, the current key solution to environmental friendly heating;
- LED lighting is used in all areas;
- Office and warehouse ventilation system with minimum environmental impact;
- Sun screens for effective, automatic cooling;
- 6 Parking spaces with electric charging stations.
- These aspects combined with other highly sustainable initiatives of both the construction process and building itself, met and on some points even exceeded the requirements set in the guideline “GPR Gebouw 4.3” used to

determine sustainability of construction and eligibility of government subsidies. By meeting and exceeding these guidelines MEG received rewards accompanied with a subsidy for sustainable building.

- The next step in our contribution towards a more sustainable future, was the decision taken in 2018 to place a substantial number of solar panels on the roof of our office and warehouses. To be implemented in 2019.
- With the positive effects of this new building already becoming apparent in November and December, in the years to come these positive effects on the environment will be structural.
- Increased sourcing and procurement at country of destination. In 2018 we spent substantial time, effort and resources in finding and qualifying manufacturers and distributors on the African continent. In realizing a significant number of vendors at place or at least region of destination, we take out transit and thereby carbon emission from previous sourcing grounds in Asia to our main markets in Africa.
- Increased number of direct shipments from place of manufacture in Asia to place of destination, mostly in Africa and Asia. By setting up more direct logistical channels and establishing consolidation hubs at countries of origin, we have been able to reduce the number of orders routed through our warehouse in The Netherlands.
- Furthermore, we continue to strive to ship as much as fully loaded containers as possible.
- Paper and plastic waste in both the office and our canteen is collected separately in order to be able to recycle these materials.
- Since 2018 the internal quotation process is digitalised to a maximum extent. Furthermore, in the past MEG was among several organizations to advocate a digital submission of quotations to clients to enable a significant reduction of paper. To our great satisfaction a fast growing number of clients now use an e- bid submission tool.
- In 2019 MEG will implement a new ERP system that will allow us to work with paperless order files. In preparation of this new system communication on orders and several documents are now only stored in a digital version.

Anti-Corruption

Please use the box below to describe **actions** your company has taken to fight corruption. Examples include:

- In 2018 the following existing documents were reviewed and updated:
- Code of Conduct;
- Code of Ethics;
- Anti-corruption declaration.
- The following new document was drafted and implemented:
- Whistle-blower regulation.
- Every MEG-employee, permanent or temporary as well as every partner (such as agents, distributors, QA-consultants) that operate for or on behalf of MEG, have to agree to and sign these 4 documents.
- Also the new warehouse and the offices can only be entered by using a personalized digital key.
- Each visitor that enters our premises needs to identify and register and wear a visitor's batch at all times during the duration of the visit. Each visitor will be accompanied by an MEG-employee at all times.
- Access to the warehouse will only be granted after a "Security Awareness" training. Before the 'Security Awareness' training can be attended, each staff member needs to submit a 'Certificate of Good Conduct' officially handed out and signed by the municipality of habitation.

3. MEASUREMENT OF OUTCOMES

In the box below, please include the most relevant indicators to **measure outcomes**. Examples include:

- 6 Company presentations were provided and 6 Q&A sessions held in 2018;
- During the course of 2018, each employee has had a minimum of 3 meetings with their manager to discuss personal development;
- Appointment of both internal annex external confidential counsellor;
- On-site presence of external health and safety counsellor every 3 weeks;
- 15% of desk now provides stand/sit mode;
- Staff turnover reduced by 12%;
- Energy class of new office and warehouse: A++;

- 6 Parking spaces with electric charging stations;
- Number of new, local African vendors qualified and procured from in 2018: 10;
- Reduction in number of inter-warehouse transports in November and December alone: 68 ;
- Increase in % of direct shipments: 56%.