



2021 Sustainability Report

Report based on facts from 2020

Contents

Our sustainability ambitions	4
Group president's message	6
Report profile	8
Our financial performance and economic contribution	10
Our financial performance	10
Our economic contribution	11
Looking ahead to 2021	11
Conducting business with integrity and ethics	12
Overview of our Ethics and Compliance Programme	12
Looking ahead to 2021	13
Respecting labour and human rights	14
Labour and human rights initiatives in 2020	14
Looking ahead to 2021	17
Promoting the well-being of our employees	18
Maintaining optimism and momentum in a difficult year	18
Safely and successfully working from home and on-site	18
Celebrating our employees	20
Promoting employee diversity, inclusion and equal opportunity	20
Training and professional development	21
Actively listening to our employees	22
Looking ahead to 2021	23
Supplement: Profile of Medline's workforce	24
Developing appropriate products and services for customers	26
New products launched in 2020	26
WORKS scrub suits and warm-up jackets	26
Ophthalmological components for SPTs	27
Certainty Programme	28
Product safety	29
Medical Device Regulation (MDR)	29
Customer service and engagement	30
Enhancing efficiencies through project management	30
Fair pricing	31
Looking ahead to 2021	31

Supporting our communities	32
Medline Gives Back initiative	32
Local donation committees	33
Donations of medical supplies	34
Cancer awareness	35
Looking ahead to 2021	35
Limiting our environmental impact	36
Monitoring our greenhouse gas emissions	36
GHG inventory update	36
Expanding our environmental certifications	37
Raising environmental awareness amongst our employees	38
Looking ahead to 2021	38
About Medline	39
Other information: 2021 Modern Slavery and Transparency Statement	40

Our sustainability ambitions

Our corporate social responsibility philosophy

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 the global sustainable development agenda, and must take responsibility for their positive and negative impacts on society. Furthermore, we have a broad interpretation of what CSR entails: tackling social, environmental and economic issues (People, Planet, Prosperity) in proportion to Medline's resources and limitations.

As a company, we acknowledge that we are on a long-term journey towards becoming truly sustainable—consequently, there may be some missteps along the way. We always strive to improve and learn from our mistakes, while celebrating the things we do get right.

This CSR 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 European CSR department. More information is available on our [website](#).

In keeping with international best practice, we are increasingly aligning our CSR activities with the United Nations Sustainable Development Goals (UN SDGs) and the United Nations Guiding Principles on Business and Human Rights (UNGPs). This builds on our existing commitment to the United Nations Global Compact (UNGC) and its Ten Principles; Medline has been a signatory to the UNGC since 2016.

Our governance structure for sustainability topics

At senior leadership level

The executive committee of Medline Industries, LP (formerly 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, LP.

On a regional level, the most senior decision makers for economic, social and environmental issues in Europe are, collectively, the group president, the senior vice president of sales and the senior vice president of finance and administration.

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

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

At managerial level

To strategise and operationalise our sustainability ambitions in Europe, we have a CSR department led by the senior manager corporate social responsibility who in turn reports to the vice president of European product divisions and corporate social responsibility. The senior manager is based in our international headquarters in the Netherlands and the role has a Europe-wide remit.

Our engagement with stakeholders on sustainability

Medline participates in the following platforms:

- MedTech Europe.
- UNGC.

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

Group president's message

The year 2020 was notable for its unpredictability and widespread disruption across multiple industries and in society in general. Within the healthcare industry, frontline workers affiliated with Medline's customers (hospitals, clinics and other medical facilities) displayed great heroism under significant pressure as the COVID-19 pandemic persisted. Medline is both proud and humbled to have contributed to the ongoing functioning of the healthcare systems in Europe by providing much-needed personal protective equipment (PPE) and other medical supplies, and maintaining high customer service levels.

Our CSR accomplishments in 2020

We successfully carried out a wide range of CSR activities in 2020.

In presenting this, Medline's fifth annual sustainability report for our European operations, I am pleased to note that we continued to make real and meaningful progress in our CSR journey during 2020. These CSR achievements, spanning the period 1 January to 31 December 2020, were underscored by our ongoing commitment to

the Ten Principles of the United Nations Global Compact (UNGC).

Our CSR successes included:

- Unveiling our **strengthened ethical sourcing programme** to better address the needs and well-being of workers in Medline's product supply chain.
- Elevating Medline's *Green Building Policy* by **complying with LEED, Passive House and BREEAM certification** requirements for the new buildings under construction at our sites in Châteaubriant, France, and Partizánske, Slovakia.
- **Celebrating Earth Day 2020** through an awareness campaign highlighting the problem of plastic pollution in the world's rivers and oceans.
- Continuing our support of communities in need by **donating €200,000 in cash through our corporate *Medline Gives Back* initiative**, in acknowledgement of the extreme hardship faced by local and international communities due to the coronavirus.
- Starting a new tradition of raising awareness of men's health issues by **hosting an internal Movember moustache competition** and donating €580 to the Movember Europe charity to benefit prostate cancer, testicular cancer, and mental health and suicide prevention.
- **Increasing our focus on inclusion and diversity** in our workforce by launching a diversity and inclusion dashboard and revising our Diversity and Inclusion Statement.
- **Addressing employee health and well-being** by launching an Employee Assistance Programme pilot for mental health in Italy, the Netherlands and Voisins, France. We also developed a comprehensive communication and engagement plan to keep all employees feeling connected and able to contribute.

Our business performance in 2020

Medline enjoyed strong growth in Europe in 2020. This resulted in exceptional financial results, which will propel future success as we re-invest in key areas of the business. We achieved this good performance by executing a business strategy that prioritised:

- Adapting to, and addressing, supply chain and logistics bottlenecks.
- Transitioning to remote working (where applicable) and other altered working arrangements as smoothly as possible.
- Staying attuned to local and international developments around pricing and export restrictions.
- Continuing to develop and deploy our capabilities in areas such as information technology (IT) and project management for operational effectiveness and efficiency.
- Keeping open lines of communications with our customers and ensuring we remained accessible and responsive to their needs.

Our unwavering commitment to being an ethical and socially responsible company, regardless of the circumstances, enhanced our business' resilience and boosted employee morale.

Special note on Medline's new investment partnership

In June 2021, our parent company Medline Industries, LP (formerly Medline Industries, Inc.) announced that Medline will enter into an investment partnership with a consortium comprising Blackstone, Carlyle and Hellman & Friedman. The transaction is expected to close in late 2021. Once finalised, this partnership will unlock new opportunities to expand Medline's product offerings, accelerate our international expansion and strengthen our global supply chain. We look forward to a strong, collaborative relationship with our new investors in our European operations and around the world. Medline will remain a privately held, family-led company, and the senior leadership teams in Europe and the United States will remain in place.

We look forward to a long and productive relationship with our new investors.

Looking ahead to 2021

As we anticipate celebrating Medline's 10-year anniversary in Europe in 2021, I am amazed by the speed with which we have scaled up into a competitive presence that our customers across Europe can rely upon for world-class products and services. The many investments we have made in infrastructure and people over the past 10 years have completely transformed our ability to serve our customers.

I am excited to lead Medline into our second decade in Europe. Alongside our customers, we will thrive and prosper.



Tripp Amdur
Group President



Report profile

Identified material topics

The following eight material sustainability topics discussed in this report represent Medline's most significant economic, social and environmental impacts. Through Medline's approach to sustainability/corporate social responsibility (CSR), we aim to contribute towards the fulfilment of the United Nations sustainable development goals (UN SDGs). We recognise that the private sector has an important role to play on the global sustainable development stage.

Sustainability topic in this report

1. Our financial performance and economic contribution

2. Conducting business with integrity and ethics

3. Respecting labour and human rights

4. Promoting the well-being of our employees

5. Developing appropriate products and services for customers

6. Supporting our communities

7. Limiting our environmental impact

8. Other information: 2021 Modern Slavery and Transparency Statement

Medline's contribution to the UN SDGs



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

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 the GRI Standards, ISO 26000 guidelines, the Ten Principles of the UNGC, the UN SDGs, Organisation for Economic Co-operation and Development's Guidelines for Multinational Enterprises, and Sustainability Accounting Standards Board guidelines on material sustainability topics for the medical equipment and supplies industry.

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

Reporting period and territories covered

The reporting period for this sustainability report is 1 January 2020 to 31 December 2020, 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 report covers our 2020 activities in Europe, and is loosely based on the GRI Standards.

This sustainability report is Medline's fifth 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 separate sustainability reports for the European, North American and Australian markets. We have made efforts to align the sustainability reports to the greatest extent possible, and we will continue to do so in future.

Our financial performance and economic contribution

Our financial performance

The year 2020 was very successful financially for Medline, as the COVID-19 pandemic spurred unprecedented demand for medical personal protective equipment (PPE) products.

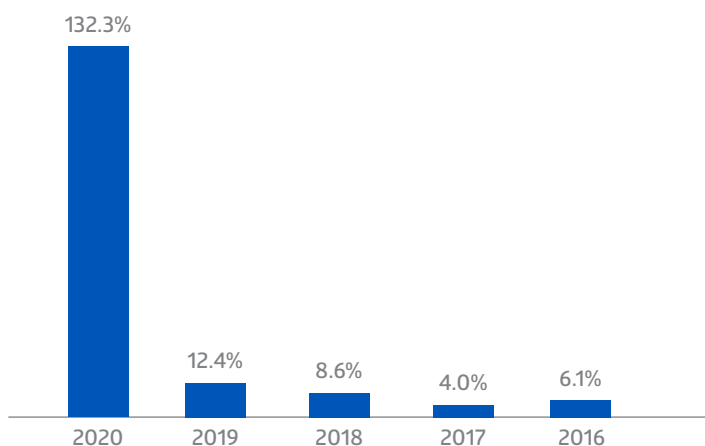
Market demand for facemasks, gloves and protective apparel, in particular, skyrocketed. Medline prioritised reliably supplying these critical products to our historical customers, enabling them to offer uninterrupted COVID-related care. We were also able to secure extra production capacity and products for additional ad hoc requests due to strong and long-standing relationships with our suppliers.

One negative impact of the pandemic was the postponement or cancellation of many elective medical procedures, which led to a strong decline in sales of Medline sterile procedure trays (SPTs) and products for the operating theatre.

We experienced extraordinary growth in sales revenues in 2020, contributing to strong overall results and performance.

However, this decline was more than balanced out by the massive demand for PPE. Medline's sales and margin performance in Europe in 2020 greatly exceeded expectations, with sales revenue growth of 132.3 per cent (2019: 12.4 per cent). The majority of this growth can be attributed to the sale of pandemic-related products.

Annual growth in sales revenue in Europe



We faced several other challenges during the course of 2020. Unfortunately, due to the pandemic, many suppliers across the marketplace increased their prices. To compound the situation, in many cases we had to make a down payment when we placed an order. We therefore had to ensure that funds were always available for these critical products. Inversely, another important challenge was ensuring the timely collection of our receivables. We worked closely with our customers and instituted flexible payment terms if necessary.

In parallel, transportation costs for shipping products from Asia to Europe increased dramatically. The high demand for transportation services for not only medical products, but also consumer goods, drove costs up. Due to the urgent need for many of the products we sell, we were forced to resort to more airfreight than usual, which is very costly.

Collectively, all of the factors above resulted in unavoidable price increases, which had to be passed on to our customers. Nevertheless, we did our best to manage and contain these increases and be fair to our customers.

Our 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:

In addition to contributing to traditional economic growth in Europe in 2020, Medline's supply of PPE enabled many healthcare systems to provide critically needed care.

56 new jobs filled in our European operations in 2020

In turn, our employees' spending on food, accommodation and other items benefits the economy.

Opportunities for our suppliers, subcontractors and other business partners

Our relationships with a wide network of local and international business partners help sustain them, their employees and their local economies.

Taxes paid by Medline

The taxes paid by Medline in 2020 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.

During the pandemic, we supplied PPE to key local and national healthcare providers in Europe, as well as serving large global players like the Red Cross and the World Health Organization (WHO). In Medline's view, helping keep hospitals running and enabling society to manage a pandemic is a significant economic contribution. In a potentially catastrophic scenario such as a global pandemic, the population's physical and mental health has broad spillover effects on the health and functionality of the economic system as well.

Looking ahead to 2021

As the business environment gradually normalises in 2021, we expect our overall sales to be much lower than in 2020. On the one hand, we anticipate that elective surgeries will pick up again, which will positively impact SPTs and operating theatre products especially. On the other hand, as COVID-19 cases in Europe decline in 2021 we expect the demand for (and sales of) PPE to return to somewhat normal levels, which will help force supplier prices down.

Conducting business with integrity and ethics

Medline acts responsibly and in compliance with legislation and regulations in countries where we operate while adhering to 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 global chief ethics and compliance officer, based at our global headquarters in the United States, bears overall responsibility for the Ethics and Compliance Programme worldwide. Responsibility for coordination and supervision is assigned to the senior compliance officer for Europe.

Overview of our Ethics and Compliance Programme

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

Live by the Employee Code of Conduct

- Communication.
- Ethics and Compliance Helpline.
- Employee learning and training.

Respect for others

- European Union data protection framework.
- Speak Up poster campaign.
- Anti-harassment programme.

Act with integrity

- Anti-bribery compliance.
- Interactions with healthcare providers.

Good business practice

- Localised transparency programmes.
- Fair compensation.
- Charitable Donations Policy.

The Medline Employee Code of Conduct is the central premise of our Ethics and Compliance Programme. This Code of Conduct elaborates on Medline's core values and principles, explaining rules that govern our relationships with governments, customers, competitors and each other. Anti-discrimination, safety in the workplace, employee privacy, data protection, political participation, anti-bribery and anti-corruption are amongst the addressed topics. Medline endeavours to do what we believe is right, going beyond basic compliance.

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

The pandemic upended some of the compliance department's plans for 2020 (e.g. site visits and in-person training sessions). The team adapted to the situation by temporarily suspending certain activities and resuming some of them once it had been established they could be done remotely without compromising efficiency and security. The compliance department invested heavily in developing and introducing e-learning modules and platforms in 2020. Online sessions were organised to train on ethical behaviour, interactions with healthcare professionals and civil servants. This effort will continue in 2021, branching out to all layers of Medline with particular emphasis on the sales and customer-facing teams.

We pivoted and devoted significant resources to e-learning in 2020.

Plans are also underway to expand the due diligence of third parties and vendors. These stakeholders will receive training to ensure they are fully aware of Medline's new requirements, which are more comprehensive and designed to ensure business-wide consistency.



Looking ahead to 2021

We will continue to focus on providing guidance to employees, covering a variety of areas in 2021. This will be achieved through new or improved policies as we adapt to the fast- and ever-changing spaces in which we operate. Training in the form of e-learning will also play a key role as it enables the compliance department to address specific knowledge and skills needs in a targeted way. For example, to mitigate exposure to potential competition-related issues in the roll-out of our Prime Vendor business solution, tailored training will be provided to relevant employees.

New technologies present opportunities to improve the integrity and efficacy of our compliance function. We plan to explore tools for sustainable monitoring and auditing in coming months.

Finally, we will improve our processes for the intake of customers, vendors, suppliers and third parties to ensure optimal compliance with the following:

- Current regulations and legislations, namely the Medical Device Regulation (MDR), General Data Protection Regulation (GDPR), United States Foreign Corrupt Practices Act (FCPA) and United Kingdom Bribery Act (UKBA).
- Due diligence regarding restricted parties.

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 Sustainable Development Goals (UN SDGs)**, namely Goal 8 (decent work and economic growth) and Goal 10 (reduced inequalities).
- **Our participation in the United Nations Global Compact (UNGC)**. The UNGC has Ten Principles, 6 of which fall under the 'human rights' and 'labour' pillars. We also observe the UN Guiding Principles on Business and Human Rights (UNGPs).
- **Regulatory developments and trends**, such as the United Kingdom Modern Slavery Act 2015, the Duty of Vigilance Law in France and the Child Labour Due Diligence Act in the Netherlands. Germany, Switzerland, Norway and the European Commission have also tabled draft proposals pertaining to human rights due diligence and reporting.
- **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.

Did you know?

Medline's Modern Slavery and Transparency Statement

Additional information on our approach to labour and human rights is available in our Modern Slavery and Transparency Statement. The statement is available in this report and on our [website](#).

Labour and human rights initiatives in 2020

Promoting labour and human rights is integral to our operations.

Depending on the European 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.

In 2020, Medline unveiled its expanded and strengthened ethical sourcing programme, which now better addresses the needs and well-being of workers in Medline's product supply chain. The main highlights of our ethical sourcing programme are illustrated below.

We launched our updated ethical sourcing programme in 2020.

Revised Medline Supplier Code of Conduct

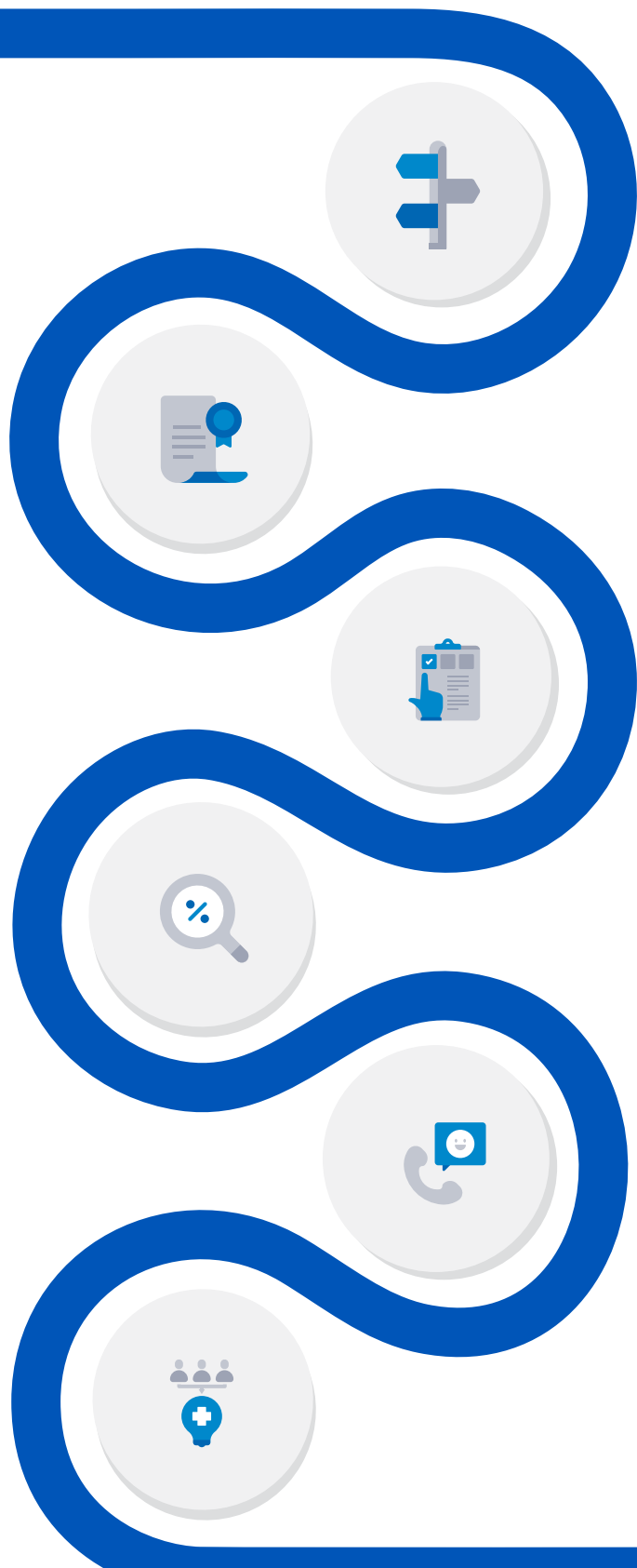
This details our standards for labour and human rights, health and safety, environmental protection, and ethical business practices. The Code of Conduct explicitly prohibits forced, bonded, trafficked, prison or slave labour. All prospective suppliers must complete and sign the Supplier Code of Conduct before Medline begins business engagement.

Risk profiling our product supply chain

Medline utilises an independent third-party diligence consultancy to provide risk reports based on official sources. These reports also include negative media coverage that analyse non-governmental sources across several risk areas, including the use of forced and migrant labour. Medline assigns all suppliers a preliminary risk rating of low, moderate or high based on these results, combined with risk assessment forms completed by suppliers.

Establishing a new global ethical sourcing committee

The committee drives strategy and implementation, and represents different functions/ departments within Medline directly relevant to sustainable procurement.



A programme more closely modelled on the UNGPs

The 31 principles provide a road map for companies like Medline that are serious about meaningful change in their operations and supply chains. The principles are internationally recognised.

Ensuring more of our suppliers undergo social compliance audits

Medline conducts internal and external social compliance audits calibrated to reflect the degree of risk associated with each supplier in order to maintain compliance with the Medline Supplier Code of Conduct. Corrective action plans are implemented and followed up on. Internal audits comprise:

- Level 1 Code of Conduct audits: abbreviated audits with a specific focus on forced labour, child labour, abuse of workers, migrant labour, human trafficking and other significant health and safety issues.
- Level 2 Code of Conduct audits: comprehensive audits of compliance with the entire Medline Supplier Code of Conduct.

New factory-level grievance mechanism or helpline

We operate helplines throughout our supply chain so we can receive and investigate reports of unethical treatment. We require moderate- or high-risk suppliers to display Medline posters summarising our Supplier Code of Conduct in workers' languages to ensure they are informed of their basic rights.

We made good progress in 2020, accomplishing the following:



Eighty-five employees in Europe received training on ethical sourcing and the new policies and procedures in 2020. They were drawn from key functions and departments deemed essential to the successful roll-out of the ethical sourcing programme. Additional employee training was carried out worldwide at other Medline locations.

We initiated a traceability project for selected Medline products containing cotton. This is a work in progress, and will eventually ensure full transparency into all tiers of the supply chains of the affected products.

In addition to the activities mentioned above, Medline's European corporate social responsibility (CSR) department engaged with the European Parliament and the European Commission on two European Union-wide legislative proposals related to ethical sourcing:

- Human rights due diligence legislation.
- The sustainable corporate governance initiative.

Medline's views on the above proposals are summarised [here](#).

Medline has been interacting with policymakers to ensure a pragmatic and realistic industry perspective is incorporated into the legislation when it is finalised in 2021. We will revise our ethical sourcing programme as necessary so that we are fully compliant with the law.

Looking ahead to 2021

We will continue to improve our performance where ethical sourcing is concerned, incorporating new insights gained from first-hand experience and evolving thinking and practice in this field. We will also explore memberships of new platforms (e.g. the Responsible Labor Initiative) and other opportunities for external stakeholder engagement.

Promoting the well-being of our employees

Medline values its employees and we strive to create a safe, stimulating and rewarding work environment for them. We are proud of our ability to attract a talent pool of highly competent individuals who contribute to Medline's social, environmental and economic performance.

Our local human resources (HR) representatives support employees in the 13 European countries where we have operations. The representatives report to the senior director of human resources.

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

Maintaining optimism and momentum in a difficult year

2020 was an extraordinary year on all fronts, especially for the HR team, who had to navigate the uncharted waters of working remotely, amongst other challenges.

Various measures were adopted to manage the pandemic's uneven impacts on the staffing needs of the business. For employees in the manufacturing plants, workforce plans for the redistribution of tasks, shift optimisation and holiday planning were implemented to ensure the highest possible productivity. For other employees, yearly goals were reviewed and adapted where necessary. Temporary unemployment and furloughs were also utilised as a last resort and kept to a minimum.

Safely and successfully working from home and on-site

In March 2020, our Italian office alerted the information technology (IT) team that the Italian office would have to start working from home. With foresight, the IT team took this a step further and began to plan for a scenario like this across Europe. At the time, many colleagues in departments like customer service and finance only had desktop computers, so IT quickly collected all available laptops in stock, used and new, from all locations, and quickly shipped them across Europe. At the same time, all customer service phones were reconfigured to function in the home office environment. Consequently, Medline employees who could work from home were able to do so immediately upon government advice or mandate. That also meant our customer service team was always reachable, making sure our customers could always speak to a company representative or place a critical order.

We found creative ways to engage our employees in 2020, and to help them stay healthy and safe.

To help employees navigate the COVID-19 pandemic, our marketing and HR teams jointly developed a comprehensive communication and engagement plan to keep everyone feeling connected and able to contribute. This included regular communications targeting all employees and covering the latest

local official regulations, product allocations and stock situations, resources and tools to support mental well-being, and various other topics such as training opportunities. An internal Intranet site was set up and frequently updated with content such as articles about working from home.

Various employee photo competitions were held with themes such as the view from your window or balcony, a favourite holiday memory, lockdown hobbies and activities, and a favourite picture of you and a colleague. Some of the winning entries are featured below:



Theme: View from your window or balcony



Theme: Favourite picture of you and a colleague



Theme: Lockdown hobbies and activities



Theme: Favourite holiday memories

We launched an Employee Assistance Programme pilot for mental health in Italy, the Netherlands and Voisins, France. In addition, we worked closely with company doctors to ensure the well-being of our workforce.

Furthermore, we paid special attention to employees whose work required on-site presence. We ensured all local regulations were not just met, but exceeded at all times for our offices and sites that were open. Measures and practices were put into place to minimise the risk of on-site employees contracting the virus. By doing so, we gave our colleagues peace of mind with a safe and well-thought-out working environment. The HR team went above and beyond in finding solutions and best practices to make transportation, work and communal time for our on-site workforce safer and easier. We conducted a health and well-being survey in the United Kingdom and are looking into ways to improve employee experience based on the survey results.

Celebrating our employees

Medline typically celebrates ‘Employee Appreciation Week’ around the same time as International Employee Appreciation Day, which falls in March. As the pandemic was taking hold in Europe at this time and most employees were working from home, the decision was taken to postpone the celebration until everyone was back to their normal working schedules and locations—something that never happened in 2020.

We continued our tradition of celebrating and rewarding our employees.

However, we still instituted local and company-wide initiatives throughout the year that could be safely done. For example, employees in the United Kingdom and Ireland received chocolate boxes for Appreciation Week and Easter; and all our employees in Europe received custom gift boxes sourced from an Italian business for the year-end holidays.

Medline also gave all eligible employees an extra year-end cash bonus to show our appreciation for the passion, ingenuity and dedication of our employees under exceptional circumstances.

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.

Promoting employee diversity, inclusion and equal opportunity

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.

In 2020 we launched our diversity and inclusion dashboard and created a road map for 2021.

Despite the pandemic, 2020 was a fruitful year for our European operations in terms of diversity and inclusion. We revised our Inclusion and Diversity Statement, and introduced the inclusion and diversity dashboard. In the spirit of transparency,

this information was shared with the entire workforce through a revamped internal HR site. We also formulated a detailed inclusion and diversity road map for 2021 to track our progress and push for excellence.

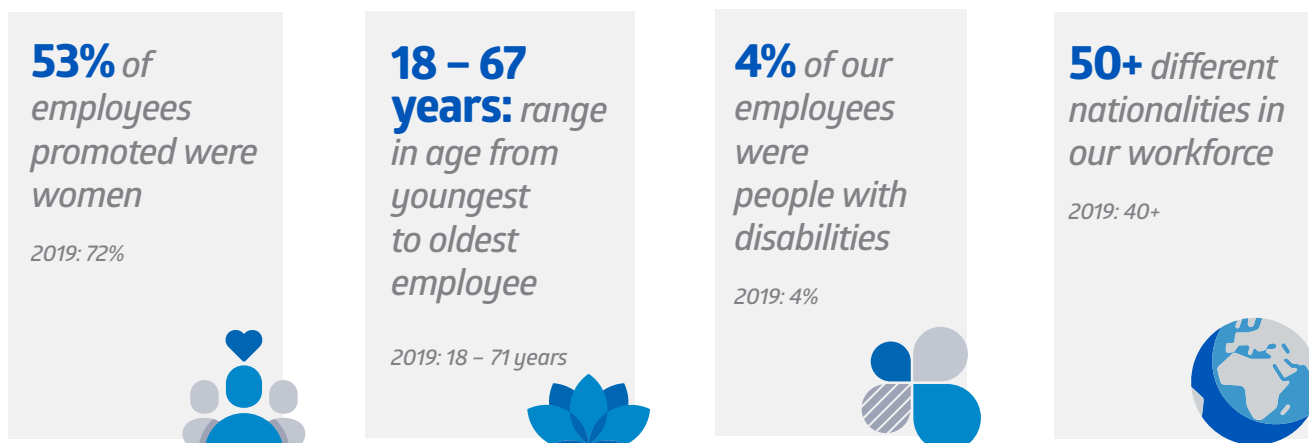
The theme of the HR team’s ‘all hands’ meeting in the second half of 2020 was inclusion and diversity, which included training and brainstorming on ways to raise awareness throughout leadership ranks and the broader organisation on the importance of this topic. The focus on diversity and inclusion extended to Medline’s recruiting process and external communications. For instance, Medline website visitors and social media followers can find blogs and social media posts on these topics.

Under the umbrella of inclusion, Medline celebrated International Women’s Day (IWD) in 2020 with a communications campaign and various virtual and corona-proof in-person events.



IWD celebrations at our warehouse in Bicester, United Kingdom

Other indicators of our performance on employee diversity and equality of opportunity in 2020 were:



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.

“The number of training sessions in 2020 increased by 38% compared to 2019.”

The total number and duration of training sessions held in 2020 were as follows (compared to previous years):

Training-related indicators	2020	2019	2018	2017	2016
Total number of training sessions hosted or paid for by Medline (internal and external)	426*	309	286	370	344
Total duration of training sessions held during the year (in days)	1,476*	833	944	1,286	926

*Excludes Challenger Sales Model training

The content and target audiences of the training sessions varied, and included:

- Training for employees on the topic of equality.
- Training for all customer service teams on selected products.
- Training for all sales teams on time management and overall efficiency and productivity.

A key focus area of our employee training is the Challenger Sales Model. Launched in 2019 but largely rolled out in 2020, Challenger enables our sales force to build upon their skills and leverage their existing customer relationships in new ways in order to shorten the sales cycles, become trusted partners and ultimately increase sales. Challenger also enables our marketing and product teams to learn about, and contribute to, insightful messaging that better differentiates our products and solutions.

Over the course of 2020, 262 employees in Europe collectively completed 388 Challenger e-learning courses. In addition, we offered workshops and peer coaching groups, and enabled each country to tailor the Challenger approach to its market's needs. For example, in Italy, the sales force competed in teams to see which team could create and deliver the best Challenger conversation. These development methods will continue to be utilised in 2021, when the focus will shift to practising and applying the Challenger skills we learnt in 2020 with our customers. For our product and marketing teams, in 2021 the emphasis will be on developing commercial insights and Challenger conversations.

In 2020 we successfully launched Talentsoft, an HR management system. We have now digitalised our processes around annual performance reviews and goal setting, quarterly formula reviews, continuous feedback and merit reviews. In this way, the HR team is better supporting managers and employees to follow up on their teams' performance and goals. Within Talentsoft, the Learning Management System, used for employee courses and trainings, was also launched and keeps growing in terms of content and application. Talentsoft has enhanced our ability to conduct analyses and deep dives to ensure the consistency and quality of our HR processes.

Actively listening to our employees

In 2019, we conducted our biennial employee engagement survey amongst our employees in Europe (the next survey will be carried out in 2021).

According to the survey, the key areas where we need to improve as an organisation are efficiency, rewards and career development. Conversely, the survey revealed that our customer focus, diversity and inclusion, and quality are amongst our notable strengths.

Our customer focus, diversity and inclusion, and quality are amongst our notable strengths.

We created action plans for our improvement areas, by function and country, and followed up regularly on these in 2020. We designed a way to provide clarity and a holistic remuneration picture to our white-collar workforce, called the Total Reward Statement. These statements show all elements of compensation

in 2020 and will be shared with employees in early 2021. Additionally, we regularly shared our initiatives on strengthening engagement and improving efficiency in our employee newsletter.

A survey was carried out mid-year on how the workforce was experiencing the pandemic and their preparedness to come back to the office when allowed by national governments. Many local offices also ran coronavirus-related initiatives. For example, Spain and Italy offered coaching and engagement workshops for the sales teams and office employees on coping with change during unprecedented times.

In addition to surveys and direct interaction with HR, 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.

Looking ahead to 2021

In future, Medline will continue to expect and strive for operational excellence whilst nurturing innovation and a future-oriented mindset in our workforce management practices.

To achieve this, we will prioritise the following in 2021:

- Working from home: Our experiences in 2020 showed that by providing certain job types with the appropriate support systems, remote working can be successful and benefit both the business and employee well-being. This is why Medline has created a Remote Working Policy designed for the 'new normal'. This policy will be shared with employees in 2021 so they can start envisioning, and preparing for, their work/life balance after the pandemic subsides. We have plans for using change management and reintegration techniques to bring our workforce back into our evolved working environment.
- Talent planning: We plan to revamp our entire talent planning programme, taking internal and market best practices into consideration. To do so, we will review employees in scope, train managers, facilitate and run calibration sessions, and fine-tune development plans.
- Topic-specific road maps: HR team members function as champions on topics within the department. In the last quarter of 2020, these champions created road maps for recruitment, rewards, efficiency, HR analytics, well-being, inclusion and diversity, and HR digitalisation. We will implement these in 2021.
- Reward clarity: We plan to review and standardise, where possible, organisational/team structures and job descriptions. The overall goal is to benchmark job families within the company. At the same time, we want to raise awareness of the parameters determining total remuneration at Medline, leveraging market surveys and ideally simplifying the way we handle total rewards. We aim to improve clarification, awareness and management's ability to deal with relevant employee questions.

Supplement: Profile of Medline's workforce

Total headcount

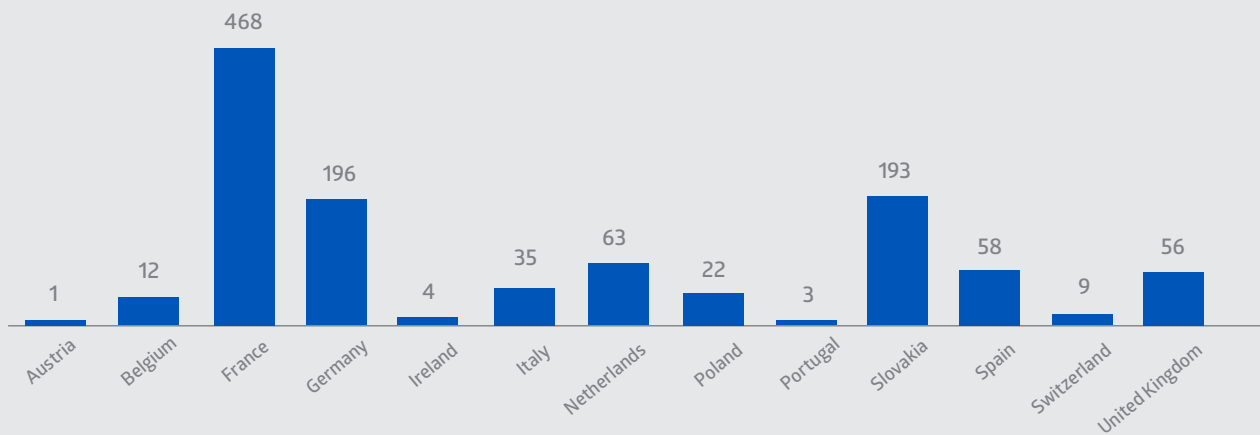
Our employee headcount in Europe grew by 3% in 2020 compared to 2019.

In 2020, our European workforce totalled 1,120 (2019: 1,088), 59 per cent of which was based in France and Germany. We have three sites in France—a manufacturing facility in Châteaubriant, a distribution centre in Le Coudray-Montceaux and an office in

Voisins-le-Bretonneux. Germany is both an office site and the location of our largest international distribution centre in Europe.

The number of employees per country was as follows:

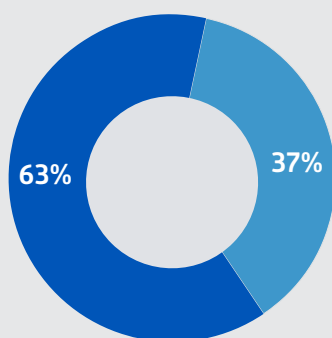
European headcount by country in 2020



Total number of employees in Europe in 2020: 1,120

Gender

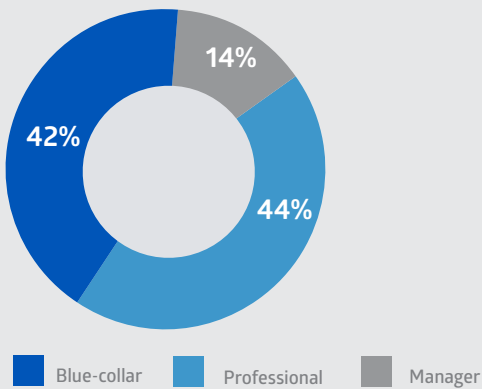
The gender ratio evolved in 2020 versus 2019: 63 per cent of our workforce was made up of female employees in 2020 (2019: 66 per cent), and the representation of male employees increased to 37 per cent (2019: 34 per cent).



Female Male

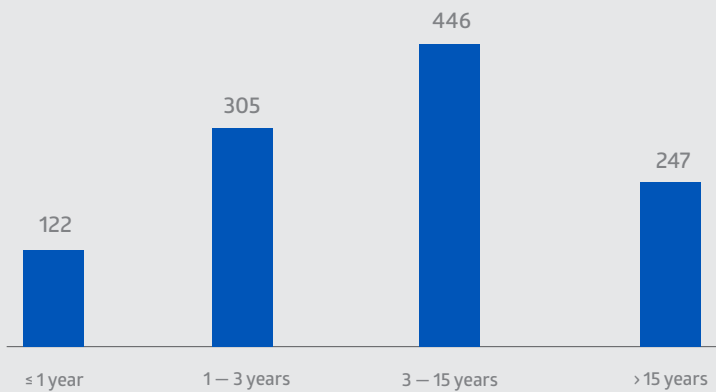
Employees by category

Blue-collar workers constituted 42 per cent of our workforce in 2019 (2019: 44 per cent), with professionals at 44 per cent (2019: 45 per cent) and management at 14 per cent (2019: 11 per cent).



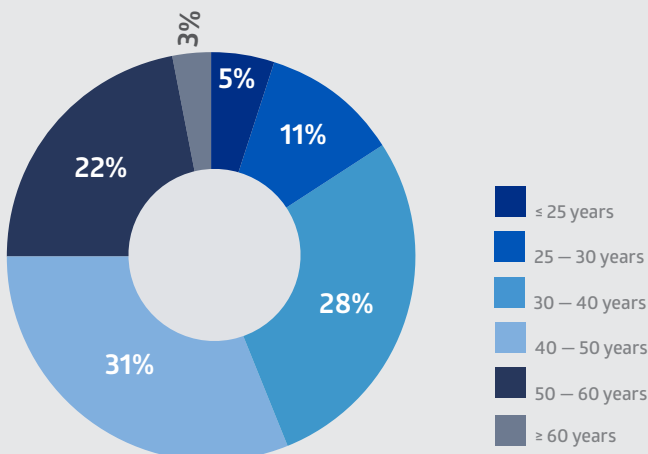
Longevity of employment at Medline

In 2020, 22 per cent of our employees had worked for Medline for more than 15 years (2019: 22 per cent); 38 per cent of our employees had worked for Medline for less than three years (2019: 46 per cent); and 40 per cent between three and 15 years (2019: 32 per cent).



Age

In 2020, 39 per cent of our employees in Europe were aged between 25 and 40 (2019: 39 per cent). The average age of our employees was 42 years old (2019: 42 years old).



Developing appropriate products and services for customers

Medline continuously seeks to enhance the quality and range of products and services we offer to our customers. Through engagement with our customers, suppliers, distributors and industry networks, we gain valuable insights that inform our product and service development.

Medline's customer base comprises:

- Our final customers: healthcare facilities, such as hospitals, clinics, physicians' offices and hospices.
- Intermediaries: distributors and group purchasing platforms.

New products launched in 2020

Medline introduced more than 108 new products in 2020.

During the course of 2020, Medline introduced 108 new products¹ (2019: 372). These included reusable garments for healthcare staff, thermometers and items for vision-oriented surgeries. And in our sterile procedure tray (SPT) division, we introduced 522 new packs and 1,022 revised packs to the market (2019: 2,940 new and revised packs).

Of the products that were available to customers across Europe in 2020, we are proud to highlight our WORKS scrub suits and warm-up jackets, our ophthalmology range and the Certainty Programme.

WORKS scrub suits and warm-up jackets

The WORKS reusable scrub suits and warm-up jackets for the operating theatre were introduced by Medline in 2020 in response to global shortages of disposable scrub suits. The shortages arose as the non-woven materials used to make disposable scrub suits were redirected to the manufacture of more critical supplies, like masks and protective gowns. Scrub suits remained a useful product category however, creating an opportunity for Medline to introduce a reusable alternative in the form of the WORKS product line.

WORKS
scrub suit



WORKS
warm-up jacket



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

WORKS scrub suits and warm-up jackets are made from a poly-rich blend of textiles that is 65 per cent polyester and 35 percent cotton. Customer benefits and key features of this product line include:

- **Durability** – Made of a poly-rich fabric that stands up to industrial laundering, there is less shrinkage and fading of the scrubs' colour.
- **High-level comfort** – The poly-rich fabric also makes these scrub suits soft and breathable. Additionally, a more generous cut and drawstrings in the pants provide extra comfort to help clinical end users have more productive and protective days.
- **Practicality** – Each scrub set has a useful pocket in the chest of the top and a back pocket on either side of the pants.
- **Reversibility** – Tops and pants are reversible for added convenience for the end user and laundering facilities.

Ophthalmological components for SPTs

Eye health is a crucial aspect of overall physical health and well-being. Many factors can lead to partial or total loss of vision, including ageing or trauma. Eye surgeries play a crucial role in maintaining and restoring eye health, requiring high-quality and comfortable instruments and vision treatments.

Medline invested in an ophthalmology range in 2020 to expand the options available to our customers for eye surgeries. We are collaborating with a company that specialises in single-use surgical instruments for ophthalmology. By partnering with a company that has 10 years of experience in the field, our customers can complete their custom packs with a wide range of single-use instruments: metal scissors, forceps, needle holders, eye specula and scleral markers.

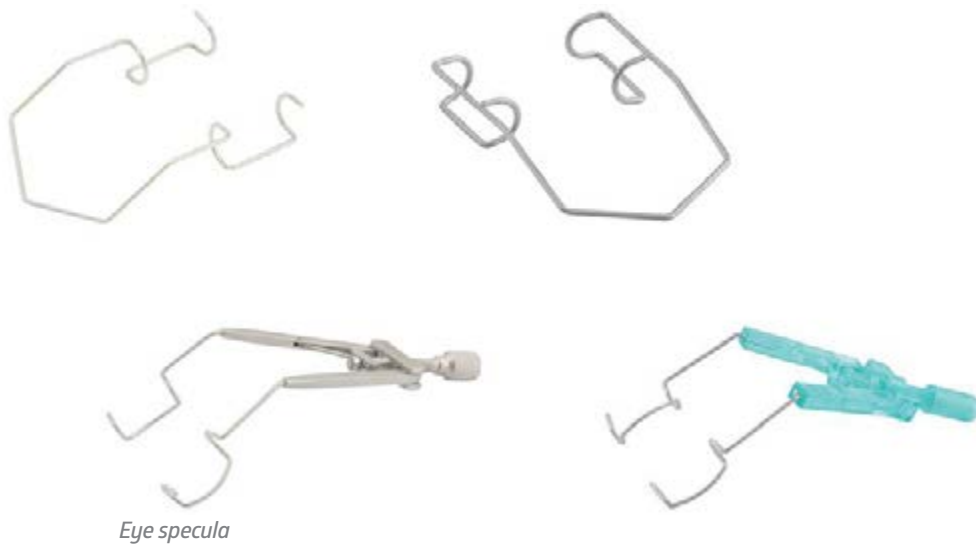
These ophthalmology instruments allow for more complete, specific and quality SPT packs. Medline has been designing and manufacturing custom SPT packs for more than 20 years, offering a wide range of components such as our new ophthalmology range.

With ophthalmology surgical instruments, customers benefit from world-class instrumentation. For example, the capsulorhexis forceps, also known as continuous curvilinear capsulorhexis, is the most important instrument for performing cataract surgery. This instrument is used to remove the capsule of the lens from the eye in the most critical step of the procedure. Different types are also available to adapt perfectly to the surgeon's technique.



Capsulorhexis forceps

Another important product for eye surgeries is the ocular speculum. Available in different sizes and specialised models, it helps surgeons keep the eye of the patient open during surgery. The protected speculum allows the healthcare professional to hold the patient's eyelashes out of the operating field, while the universal speculum does not. Depending on the procedure and surgeon's practice, Medline is able to fulfil both requests.



Eye specula

In addition, in order to guarantee the success of each procedure, Medline has a range of ophthalmology components for daily surgeries like cannulas and knives, which are adapted to surgeons' techniques. We also offer a variety of gowns, drapes and cover cups.

Certainty Programme

The idea for Medline's Certainty Programme originated at the start of the pandemic as a solution that allows customers to better prepare for disruptive health and other crises. Our Certainty Programme assures our customers that they will have an adequate supply of personal protective equipment (PPE) and other products at their disposal, and at reasonable prices, that are protected from market fluctuations.

The programme offers customers the ability to create an emergency stock of critical products, selected from a list of 136 core Medline products. Additionally, Medline has control over key aspects of the supply chain. The stock of products is owned by Medline, stored in our warehouse in the same country as the customer, and rotated to manage expiration dates. The customer, in return, pays a monthly fee based on the stock value held on their behalf. Alternatively, Medline can store pallets of products that we have already sold to the customer, charging a monthly pallet rate for the space used.



In 2020, the programme was successfully implemented in the United Kingdom, where we stored over 14,000 pallets of emergency stock for a customer. Several customers in other European countries also expressed interest in the programme, but preferred to wait for product prices to normalise to pre-pandemic market levels before beginning to build emergency stock.

In 2021, we plan to keep promoting the solution, which benefits our customers by reducing supply and logistics-related stress in times of shortage.

Product safety

Medline systematically observes (and in some instances exceeds) all applicable standards and regulations for product quality, safety, labelling and other features. Product safety considerations are built into our quality management system. We fulfil product safety standards and objectives by implementing Medline's quality policy and monitoring our quality performance indicators.

Did you know?

Medline Industries, LP 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.

Our guarantee

We guarantee all Medline products. Should you have a problem with a Medline product, call us. We will take care of the problem right away, either by cheerfully and promptly exchanging the product, or by crediting your account.

Medical Device Regulation (MDR)

Adherence to the MDR will be required from 26 May 2021. In 2020, we implemented preparatory measures, such as reviewing our distribution contracts, updating technical files, completing biological evaluations and data structures for EUDAMED². The activities undertaken during 2020 will allow Medline to continue selling our Class I non-sterile products on the European market, and help us with preparing to meet deadlines for our higher classification devices. Our 2020 compliance activities were also necessary to maintain business relationships with other economic operators within Europe and around the globe. Medline will maintain product-specific Medical Devices Directive (MDD) certificates in accordance with the transitional period outlined in the MDR.

We had to overcome several challenges with regard to the MDR in 2020. For example, receiving clarification on the interpretation of the new MDR was particularly difficult. MEDical DEVICES (MEDDEV) Documents guidelines for the MDR had not been published by the end of 2020, hindering clear interpretations of the new requirements.

² EUDAMED is the information technology system developed by the European Commission to implement the MDR.

Customer service and engagement



Customer complaints declined by 69% in 2020.



Medline is committed to assuring product quality, and we work closely with our suppliers and product experts to take quick action when complaints are received. Our product-related customer complaints declined by 69 percent in 2020, and we did

not identify any non-compliance with regulations and/or voluntary codes. We also maintained our product quality and safety certifications in the form of ISO 13485 and ISO 9001, and are subject to audits from Member State competent authorities.

Did you know?

Going the extra mile to protect and serve our customers in 2020

Medline's success depends significantly on our ability to remain focused on our customers. Therefore, throughout this trying period of an unprecedented global health crisis, we had to ensure we operated with complete understanding of the level of urgency around supplies, services and outcomes. We did everything in our power to collaborate with customers, keep them informed and allocate inventory and deliveries as best we could. Our customer base recognised our multifaceted approach and offered a range of positive feedback:

'In most cases, the product was delivered 2 to 3 days earlier than normal ...' – April 2020, France

'Having your attention, collaboration and supply has meant a lot to us. Thanks to your reliable delivery of products, we have been able to serve around 7,391 people in the emergency department, 2,700 patients in the hospital and 4,700 COVID-19 cases in home care. We have been able to protect our professionals (around 9,000 people) and we have been able to save many lives of patients.' – July 2020, Spain

'Your active support with the procurement of protective materials, as well as the information and your communication were outstanding and stood out very clearly against other suppliers.' – September 2020, Germany

Enhancing efficiencies through project management

In 2020, the project management office (PMO) focused on improving Medline's internal organisation around projects, to ensure closer alignment with business and customer needs across Europe. The PMO:

- Defined and implemented a governance process with internal stakeholders, including senior leadership.
- Introduced a monthly company performance dashboard.
- Redesigned the intake and project launch processes, in collaboration with the information technology (IT) department. The objectives were to streamline, simplify and generate cohesion within internal processes.

In addition, we fulfilled project teams' requests to develop tools, and introduced a new central project management application (Wrike) for Medline's strategic projects.

Around 75 employees received training on our Medline PMO framework in 2020. This was complemented by our first-ever strategy deployment exercise which took place at the end of the year. Each team identified the ways in which specific projects help them to contribute to our European strategy, enabling everyone involved to coalesce on one road map for 2021.

Fair pricing

The global COVID-19 pandemic gave rise to a complex and often unpredictable operating and trading environment in 2020.

Medline faced intense and unprecedented price pressure in its supply chain. Prices of the petroleum-based non-woven raw materials used to manufacture our facemasks, gowns and drapes skyrocketed, particularly in the first half of the year. This was accompanied by a concurrent surge in customer demand for PPE products, as well as sea freight capacity issues, such as lack of space on shipping lines and container shortages. For instance, in February and March 2020, only 25 per cent of our expected shipments from China were successfully deployed.

Medline prioritised its established customer relationships in 2020. We operated fairly and transparently throughout the pandemic, and remain committed to doing so in future.

To manage the situation as even-handedly as possible, Medline enforced quotas per item and per customer, and prioritised deliveries to existing customers over new ones. Our supply chain team analysed all products on a weekly basis and assigned quotas accordingly with the support of automated IT systems we developed in-house.

However, price increases for PPE were inevitable. Where this was the case, Medline ensured the increases faced by customers reflected market trends fairly and proportionately.

We maintained strong and open lines of communication with our customers in Europe throughout the year. Continuing our standard practice, price information was readily accessible to our customers and was conveyed through our sales teams, as well as through mutually agreed-upon contractual terms and conditions.

Pandemic aside, in the long term, our European customers in both the public and private healthcare sectors face budgetary pressures and constraints. Many healthcare facilities have adopted cost-saving strategies, such as value-based procurement models and ongoing monitoring of product and service costs.

Medline is sensitive to the cost pressures our customers face, and we will continue to offer products and services that are designed and priced appropriately.

Looking ahead to 2021

Medline will continue to ensure our products and services are responsive to customers' needs and circumstances in the various European markets, through organic business growth, as well as mergers and acquisitions.

Over the course of 2021, the PMO's focus will be on furthering support for strategic projects and striking a balance between processes and flexibility with value-adding capacity for users. The PMO will support the organisation in identifying and resolving bottlenecks, thereby ensuring project success. The PMO will endeavour to complete strategy deployment exercises, covering all departments.

In addition to new product development and supplier validations, regulatory compliance activities will continue apace to meet the MDR deadline. We will also work closely with the working groups within MedTech Europe to help further clarify the MDR requirements for the industry.

Supporting our communities

Medline values and supports local communities in European countries where we operate and conduct sales. As a global brand, we are also conscious of the realities of poor communities in developing countries, which often require support accessing crucial medical supplies and healthcare services.

We give back through activities such as our cash and product donations, medical relief trips and cancer awareness campaigns.

Medline's charitable giving initiatives are overseen by our corporate social responsibility (CSR) department for Europe, led by the senior manager corporate social responsibility, with implementation support from other departments. Key internal policy documents to structure our activities are our *Charitable Donations Policy* and our *Guidelines for Medical Service Trips*.

Medline Gives Back initiative



The year 2020 was a tough one in many respects for many people around the globe. For vulnerable and poor communities in particular, the global COVID-19 pandemic and social justice issues and tensions exacerbated the precariousness of life.

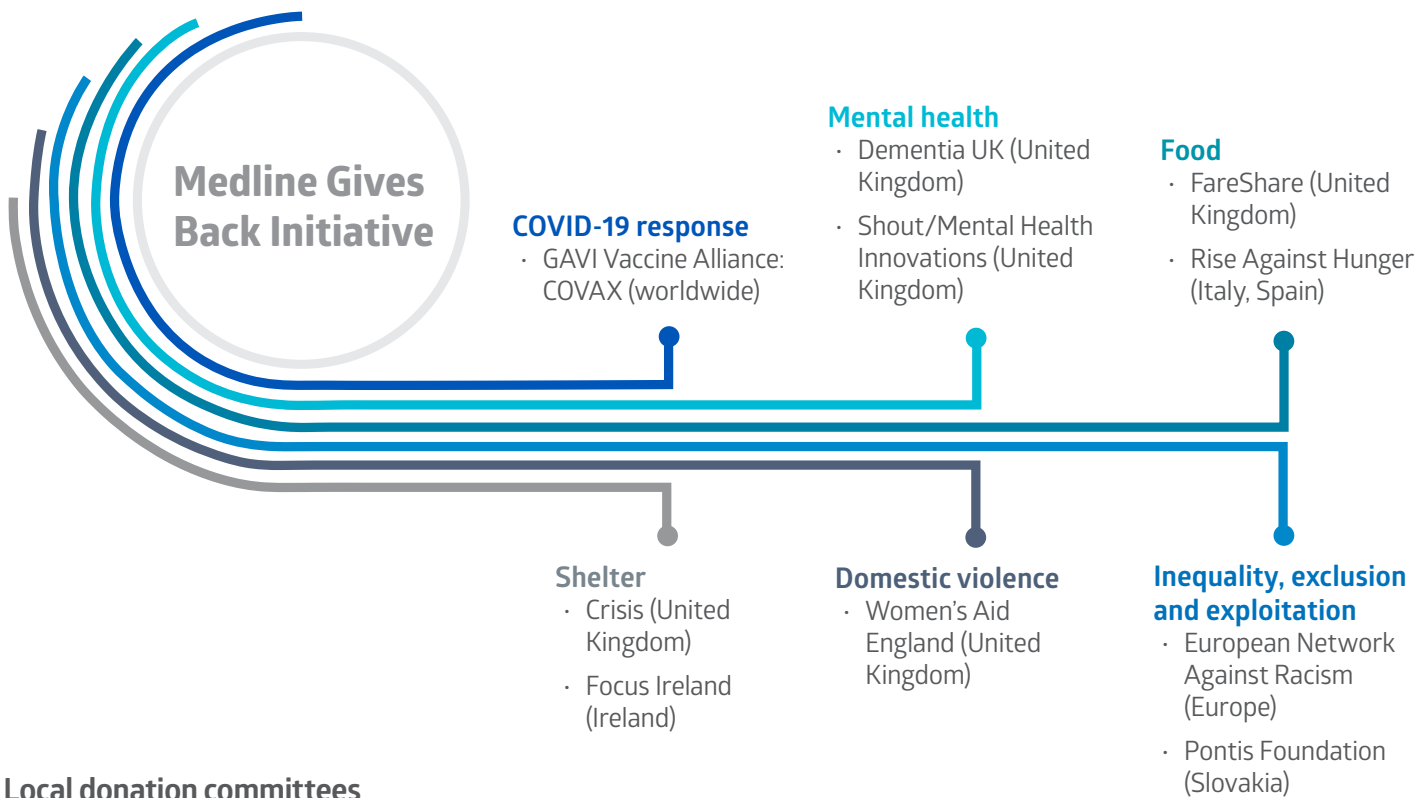
In recognition of this, in December 2020 we launched *Medline Gives Back*. The initiative aims to help those who needed it most through cash donations to a variety of socially impactful causes.

€200,000 was donated to 10 organisations through Medline Gives Back.

Medline will donate €20,000 each to 10 organisations through payments disbursed in 2020 and the first quarter of 2021. We intend to reach beneficiaries in Europe (especially the United Kingdom), and vulnerable members of the international

community. Access to food and shelter, mental health support, and equitable access to COVID-19 vaccines and materials are amongst the focus areas. As part of the *Medline Gives Back* initiative, Medline employees are encouraged to volunteer and act as liaisons between Medline Europe and the organisations we have decided to support.

The 10 organisations we identified are:



Local donation committees

We had eight local donation committees in 2020 representing all employees across Europe. The mandate of the committees is to make cash donations to organisations and charities that will benefit their respective local communities. The donation committees initially had a total budget of €17,300 in 2020. With the onset of the pandemic however, Medline deemed it necessary to provide extra support to communities across Europe due to the extreme hardship caused by coronavirus. We therefore gave the committees an additional €7,000, bringing the grand total of all donations made in 2020 to €24,300.

“ Our donation committees gave €24,300 to various causes in 2020. ”

We are proud of our committees for their thoughtful selection of causes to support in 2020, which included refugee camps, associations supporting adults and children suffering from illnesses and paediatric diseases, animal welfare, women’s support groups, food banks and beautification of landscapes and cityscapes.

In addition, our generous employees held separate local fundraising drives and donated their own money to charity, over and above the committee budgets. In the UK, our employees gave €5,646, including aid in kind, to the 2.6 Challenge and MacMillan Cancer Support. Through our employees’ participation in the 2.6 Challenge, charities that target a cross-section of causes benefitted, including Asthma UK, Mind and Refuge. In Spain, our employees gave €3,570 to Association Valdeperales, which helps families facing economic difficulties pay their electricity bills. As the donation was made in December, one of the coldest months when heating and insulation is most needed, the donation was well-timed.

“ Our generous employees donated over €9,000 of their own money to charity in 2020. ”

<p>Benelux committee <i>Representing employees in Belgium and the Netherlands</i></p> <ul style="list-style-type: none"> - Wake up to Corona - Arnhem Food Bank - The Forgotten Child - Arnhem Landscapes and Castles - Because We Carry <p>€3,500</p>	<p>Châteaubriant committee <i>Representing employees in Châteaubriant, France, and Switzerland</i></p> <ul style="list-style-type: none"> - Dance Time Studio - The Little Mec P2 - The Star of Martin - HANDI'CHIENS - Gregory Lemarchal - Overcoming Cystic Fibrosis - Mercy Ships Switzerland - Theodora <p>€5,600</p>	<p>Germany committee <i>Representing employees in Germany and Austria</i></p> <ul style="list-style-type: none"> - Viergarten Paw Friends Kleve - Network Group Kinder Villa - Women Helping Women - Kleve Conservation Centre - Movement On The Ground <p>€3,800</p>	<p>Iberia committee <i>Representing employees in Spain and Portugal</i></p> <ul style="list-style-type: none"> - Ademo Foundation - Joao Paulo II Support Centre for Disabled People - Bread and Fish <p>€2,300</p>
<p>Italy committee <i>Representing employees in Italy</i></p> <ul style="list-style-type: none"> - Food Bank Foundation of Emilia Romagna - Angeli del Bello Foundation - Artemisia Association <p>€3,400</p>	<p>Slovakia committee <i>Representing employees in Slovakia and Poland</i></p> <ul style="list-style-type: none"> - Lesan Equestrian and Rehabilitation Centre - Polish Association for Persons with Intellectual Disability - RED NOSES Clowndoctors <p>€3,000</p>	<p>UK and Ireland committee <i>Representing employees in the UK and Ireland</i></p> <ul style="list-style-type: none"> - Pieta House - Voice4Change <p>€700</p>	<p>Voisins committee <i>Representing employees in Voisins, France</i></p> <ul style="list-style-type: none"> - A EVE <p>€2,000</p>

Donations of medical supplies

In 2020, we continued our partnership with United Kingdom-based International Health Partners (IHP) to donate our products to communities affected by a shortage of medical supplies.

Our ability to donate medical supplies was negatively impacted by the pandemic as we had limited surplus inventory of the items most in-demand. While there was a strong appetite for donations of personal protective equipment (PPE), we were forced to prioritise our existing commercial customers in Europe who had similar needs. Volatility in supply chains and logistics further reduced the PPE available for donation.

Despite these challenges, we are pleased to have donated small quantities of surgical gloves, scrub suits and surgical kits to recipients in the Dominican Republic, Niger and the United Kingdom. We look forward to an improved landscape for product donations in 2021.

Medical supplies donated in 2020



Cancer awareness

[Movember](#) is an international movement to raise awareness of men's health issues, with a particular focus on prostate cancer, testicular cancer, and mental health and suicide prevention. During the month of November, volunteers grow a moustache and raise awareness for the cause. Fifty-eight Medline employees participated for the first time in November 2020, providing photographic evidence of their moustaches. To broaden awareness and facilitate engagement, Medline employees were encouraged to vote on the best moustaches. Medline sponsored €10 per participant, and we donated €580 in total to the charity Movember Europe.

Most liked entries in Medline's Movember 2020 campaign



Confined Movember 2020, to help fight against men's cancers.



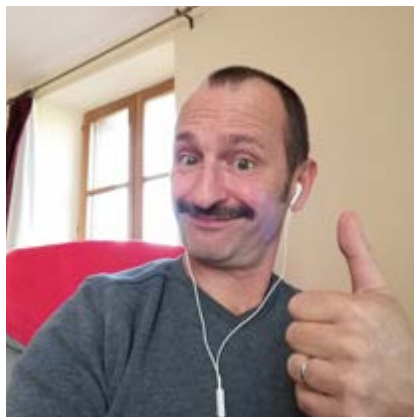
Fathers, brothers and friends face a health crisis that isn't being talked about. If a moustache can help why not?



Men's health is worth it!



Châteaubriant's office building workers support the moustache competition.



All together against cancer!



Raising awareness for a good cause, and a good reason to sport outrageous facial hair!

Looking ahead to 2021

We look forward to continuing our support of local charitable causes through our donation committees, particularly as the lingering economic and social consequences of the pandemic play out. Given the success of our inaugural Movember campaign in 2020, we anticipate participating again in 2021.

Employee volunteerism through our medical relief trips to poor and underserved communities in low income countries was suspended in 2020 due to COVID-19 travel restrictions and health concerns. We will resume the medical relief trips when it is feasible to do so in future.

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 our products and services. We strive to monitor and manage these environmental impacts to the best of our ability. 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.

Monitoring 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). Medline's support extends to the European Green Deal and its components, such as the proposed European Climate Law, which sets a target of net zero GHG emissions by 2050.

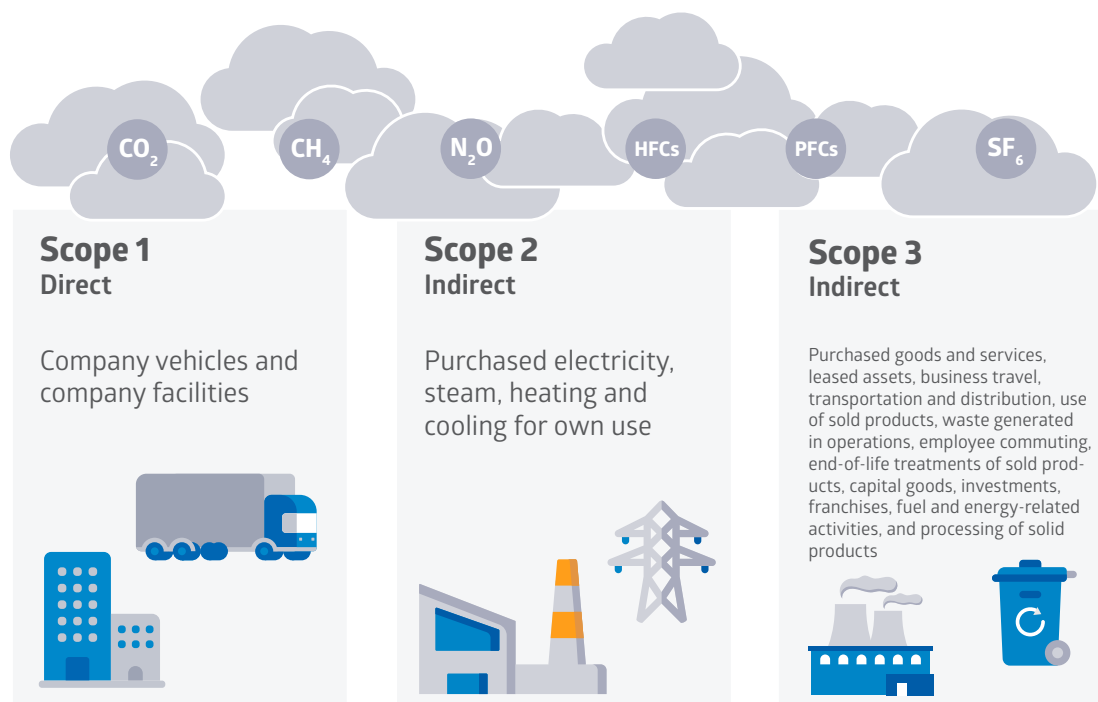
We support the Paris Agreement and European Green Deal.

GHG inventory update

We measure our carbon footprint in Europe through an annual GHG inventory that calculates our scope 1 and 2 GHG emissions. Due to data availability challenges, scope 3 GHG emissions are not measured and reported in Europe. Our inventory is prepared in line with the applicable international GHG Protocol standards and has been reported to the CDP in the past.³

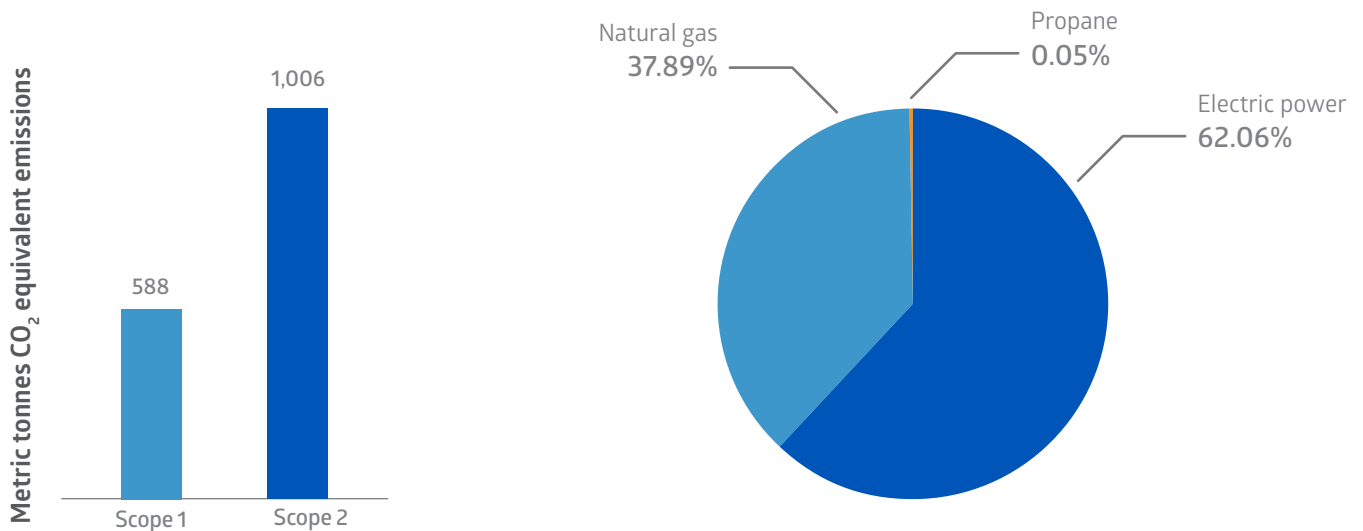
To contextualise our 2020 emissions figures, the sources of scope 1, 2 and 3 GHG emissions are illustrated below.⁴

Relationship between scope 1, 2 and 3 GHG emissions



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

Medline's European GHG emissions 2020



Note: Scope 1 and scope 2 emissions are measured for sites where Medline has operating control.

Medline's combined scope 1 and scope 2 emissions in Europe were 1,594 tonnes of CO₂ in 2020 (2019: 1,478). Our carbon emissions were eight per cent higher than the previous year, translating into an emissions intensity of 1.42 tonnes of CO₂ per employee in 2020 compared to 1.36 in 2019.

“ Medline's emissions were 8% higher in 2020 than in 2019. ”

GHG emissions in metric tonnes (CO₂ equivalents)

	2020	2019	2018	2017	2016
Scope 1	588	412	607	849	387
Scope 2	1,006	1,066	914	871	1,000
Total	1,594	1,478	1,521	1,720	1,387

Expanding our environmental certifications

Our sterile procedure tray (SPT) assembly facility in Bánovce, Slovakia, obtained ISO 14001: 2015 certification in 2020. [ISO 14001](#) is an environmental management system to identify and minimise environmental impacts, and track improved 'green' performance over time. The audit in Slovakia was conducted by [BSI](#), an internationally recognised audit firm. Slovakia joins the ranks of three other Medline sites in Europe that are also ISO 14001 certified.

In continued application of Medline's *Green Building Policy*, compliance with LEED, Passive House and BREEAM certification requirements has been incorporated into the new buildings under construction at our sites in Châteaubriant, France, and Partizánske, Slovakia.⁵

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

⁴ The GHG Protocol Corporate Accounting and Reporting 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.

⁵ LEED is Leadership in Energy and Environmental Design; BREEAM is Building Research Establishment Environmental Assessment Method.

Raising environmental awareness amongst our employees

“ We observed Earth Day in 2020 by highlighting the problem of plastic pollution in the world’s rivers and oceans. ”

Medline celebrated Earth Day by conducting an awareness campaign centred on plastic pollution in the world’s rivers and oceans. Our Earth Day 2020 communication explored the role of the healthcare sector in generating plastic waste, the detrimental effects of plastic pollution in global water systems and some of the innovative solutions available to remove plastic waste from water bodies.



Looking ahead to 2021

We will explore the purchase of carbon credits with a view towards offsetting our carbon footprint as well as maximising social and economic co-benefits.

With major international environmental policy developments and events on the horizon in 2021 (e.g. European Green Deal, the 26th session of Conference of the Parties), we will keep informed and identify opportunities to better align our company-level environmental initiatives with these frameworks.

About Medline

Who we are

Medline is a medical device company that manufactures and distributes a wide range of healthcare products and services. We have a strong, established presence in Europe and other key markets around the world. Additional information is available on our corporate website (www.medline.eu).

1,120
employees
in Europe




550,000
medical and surgical
products globally


3 manufacturing
sites in Europe


7 distribution
centres in Europe


29 countries where
customers are
served in Europe


US\$ 17.5B
in global sales

Everything we do is underpinned by our commitment to Medline's foundational mission and values:

Our 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.

Our 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 whatever it takes for our customers.

Our organisational structure

Medline Industries, LP (formerly Medline Industries, Inc.) 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.

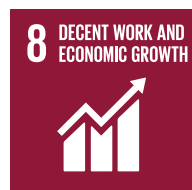
Medline International B.V. (MIBV) is a wholly owned subsidiary of Medline Industries, LP.

Medline International, with corporate offices in Arnhem, 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.

Other information: 2021 Modern Slavery and Transparency Statement

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 2020 financial year that ran from January 1, 2020 to December 31, 2020. This statement is included in Medline's European, Australian and United States Corporate Social Responsibility reports and is publicly available online.

Medline Industries, LP (formerly Medline Industries, Inc.) 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 2021 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 a fourth generation, family-owned company that is the largest privately held manufacturer and distributor of healthcare supplies and services (e.g., exam gloves, protective apparel, packs and gowns and surgical trays) in the United States of America with global headquarters in Northfield, Illinois.

Medline International B.V. (MIBV) is a wholly-owned subsidiary of Medline Industries, LP (formerly Medline Industries, Inc.) and serves as a hub for Europe, the 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.

550,000

medical and surgical products

27,000

employees worldwide

+50

distribution centers worldwide

90

countries where Medline does business

+20

manufacturing locations worldwide

US\$17.5B

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 employ 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 that 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 11 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.

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 conduct periodic comprehensive assessments and verify first-tier suppliers to assess their risk profiles. 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 audits. Medline also engages in risk assessment and mitigation for suppliers below the first tier of its supply chain when risks come to its attention through due diligence efforts or other 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.

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. Between 2015 and 2020, Medline's internal auditors conducted 546 social compliance audits globally including 85 in 2020. 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 put in place 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, are 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 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 suppliers' performance. 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

The COVID-19 pandemic presented 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



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