



Public summary of Medline's ethical sourcing guidelines

Medline is committed to conducting business in an ethical manner. This commitment dates to our earliest roots, and has evolved with modern-day best practices. In light of increased scrutiny of human rights issues in global supply chains, in 2020 we undertook a comprehensive, monthslong process to review our ethical sourcing policies and procedures. As part of this review, we benchmarked our policies against international best practices with the assistance of external experts to ensure that our practices are consistent with the latest international guidance.

Medline's approach to human rights due diligence is guided by widely accepted international standards including the United Nations Guiding Principles on Business and Human Rights ("UNGPs"). Our recent review of our own ethical sourcing program is consistent with the UNGP's call for ongoing reassessment and improvement of a company's human rights due diligence efforts, a process to which we are committed.

Medline offers more than 500,000 products, employs more than 26,000 workers worldwide, and operates in complex and diverse global supply chains. We utilize thousands of First Tier Suppliers in more than 40 countries worldwide.

In this complex environment, Medline's Ethical Sourcing Program reinforces our commitment to:

- Promoting human rights throughout our business and supply chains, including in the communities where we operate;
- Setting expectations and requirements for our Suppliers;
- Assessing and, when necessary, investigating credible allegations of human rights violations in our operations, and responding appropriately; and
- Empowering our employees and Suppliers with information and training on best practices related to ethical sourcing and human rights.

The 11 pillars summarized below specify in further detail how we operationalize these commitments.

Pillar one: roles and responsibilities

The commitment of senior leadership is essential to advance the key priorities of the Ethical Sourcing Program. Medline's senior leadership, including CEO Charles Mills, Medline President Andy Mills and COO James Abrams, take the Company's ethical sourcing commitments seriously, and they expect Medline employees to do so as well. Implementing the program effectively across Medline's diverse and complex, global organization requires cross-functional participation. That's why we've created a new Ethical Sourcing Committee to take the lead, which is made up of representatives from the following teams: Legal, Office of Ethics and Compliance, Corporate Social Responsibility ("CSR"), and the Technical Affairs department (including Sourcing).

Pillar two: medline's ethical sourcing standards

Medline is committed to ensuring that our business activity does not adversely impact internationally recognized human rights. Our Ethical Sourcing Standards cover core standards under the following categories:

- **Labor and human rights**—All forms of forced and child labor are prohibited. All workers shall be treated with dignity and respect, and shall have the right to join or form trade unions or other workers' organizations of their own choosing and to bargain collectively. Workers shall be paid at least the legal minimum wage and working hours must comply with national laws and collective agreements, whichever affords the greater protection for workers. Medline prohibits discrimination in all aspects of employment, including hiring, compensation, access to training, discipline, promotion, termination or retirement.
- **Health and safety**—A safe and hygienic working environment shall be provided, workplaces shall consist of structurally sound and safe buildings that meet national law and international best practice, including emergency procedures. Production facilities and any worker dormitories shall have access to an adequate number of clean toilet facilities and clean drinking water and employers must ensure that facilities have the appropriate health, safety (building and electrical), and industrial hygiene certificates in place.

- **Environment** — Medline is committed to and expects all Suppliers to carry out their activities in a manner that ensures substantial compliance with all applicable environmental laws and regulatory requirements, minimizes negative impacts on the environment, and integrates environmental and sustainability considerations into operations.
- **Other ethics and governance issues** — Medline does not tolerate bribery, corruption, extortion, and embezzlement in our business operations or supply chain. We conduct business fairly and transparently in line with applicable laws while ensuring that workers who disclose information or report concerns about non-compliance in good faith are protected from retaliation. We safeguard confidential information received from third parties and protect, in accordance with all applicable laws, the personal data of our employees, customers and other individuals.

Pillar three: global risk assessment

In line with best practice, Medline prioritizes its risk assessment efforts where the risks are greatest and where Medline has the ability to assert leverage for positive change. Given the scale of Medline's global supply base, Medline has prioritized its third party due diligence efforts and focused on mapping and conducting risk assessments on the first tier of our supply chain. In 2020 and periodically thereafter, Medline will engage an external third party to conduct a comprehensive assessment of our First Tier Suppliers (our "Global Risk Assessment").

Pillar four: supplier engagement on ethical sourcing

We strive to conduct business with Suppliers that share our commitment to high ethical standards. When new or existing Suppliers accept any purchase order from Medline, they agree to adhere to the standards in our Supplier Code of Conduct [hyperlink]. When evaluating new Suppliers, we take a risk-based approach to due diligence of Suppliers. This means that new suppliers must first fill out a comprehensive self-assessment, and then our team conducts a full desk-based risk assessment of the new Supplier against a range of objective criteria. Where a potential Supplier is rated as High Risk, we conduct an in-person audit of that Supplier. We monitor Supplier performance and where possible seek to work collaboratively with Suppliers to improve practices sustainably and responsibly, in line with expectations under the UNGPs.

Pillar five: social compliance audits

Medline's social compliance audits are designed to identify deviations from Medline's Ethical Sourcing Standards and Supplier Code of Conduct, bespoke requirements from particular Medline customers, and internationally recognized instruments such as the International Labour Organization (ILO) Conventions. The Company takes a risk-based approach to auditing, which means we focus on: (i) Suppliers with a "High" Risk Rating; and (ii) high risk issues or issues reported in Ethical Sourcing Complaints (as identified in previous audits and/or reported through our grievance mechanisms or other channels). However, any Supplier may be subject to an audit - either by Medline's internal team or an independent third party - at any time.

Medline understands social auditing is one key component of an effective due diligence program, as an audit provides a snapshot of working conditions at a certain point in time. However, we acknowledge that it can be difficult to detect and mitigate all relevant risks through social auditing. That is why we seek to enhance other Pillars of our program to ensure effective oversight of risks connected to our business partners.

In order to enhance our social audit program, we are committed to: (1) educating, training and equipping our social auditors to perform at the highest level; (2) ensuring that audits adequately take into account workers' views; (3) conducting unannounced audits; (4) ensuring a holistic approach to audits that includes worker input and an assessment of relevant work and living spaces.

Pillar six: grievance mechanisms and incident response

Consistent with the effectiveness criteria set out in the UNGPs, Medline aims to ensure its grievance mechanisms are legitimate, accessible, predictable, equitable, transparent, and compatible with internationally recognized human rights standards. Medline has recently enhanced its hotline grievance mechanism through which both Medline employees and our suppliers' workers can report concerns regarding working standards. We seek to make our grievance mechanism as accessible as possible to those to whom they are targeted. 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.

Pillar seven: remediation

Medline is committed to providing effective remedy where it has caused or contributed to adverse human rights impacts. Where a Supplier causes an adverse impact in the course of performance for Medline, then Medline will use its influence to encourage the Supplier to prevent, mitigate, and address the adverse impact. Stakeholder engagement is a fundamental component to Medline's approach to remediation. Wherever possible, Medline seeks to engage with impacted workers, third party stakeholders, and relevant civil society organizations to identify effective remediation strategies.

Pillar eight: customer engagement

Retail customer awareness of human rights abuses in the global supply chains has resulted in pressure on major retailers to impose robust ethical sourcing requirements. Increasingly, institutional and public sector customers are advocating for similar requirements. Medline is committed to ensuring that our customers' human rights standards - often broadly similar to our own Ethical Sourcing Standards - are met in the products we supply. Where possible, Medline may agree to customer-initiated third party audits, provided that the customer agrees to meet certain criteria and processes. For example, the proposed auditor must be accredited, and the audit must be based on objective, internationally recognized social compliance standards.

Pillar nine: training medline stakeholders

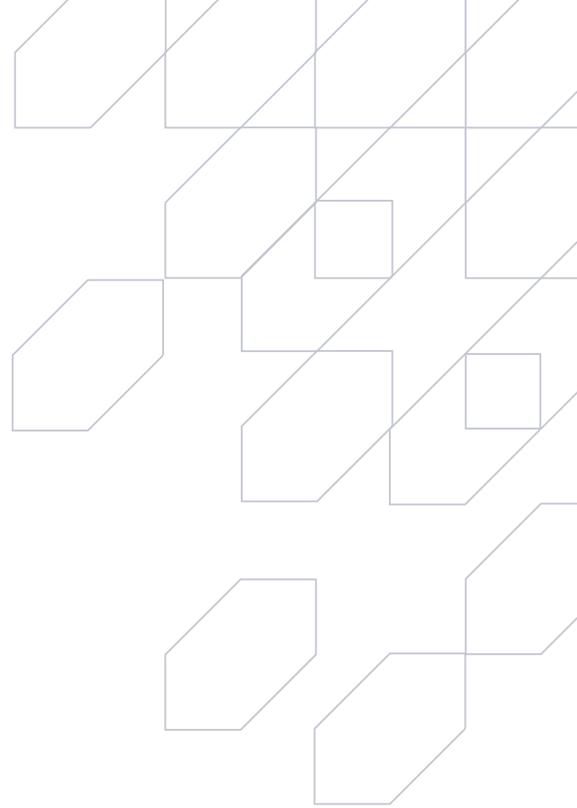
A fundamental component of Medline's approach to ethical sourcing compliance is training and equipping our employees to identify and respond to risks in our global supply chain. Where necessary, we also work with Suppliers to assist in enhancing their performance against our Ethical Sourcing Standards. All employees are familiarized with the Ethical Sourcing Program 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 Ethical Sourcing Program. Employees with responsibilities relevant to Medline's Ethical Sourcing Standards receive procedural training that focuses on their role in the ethical sourcing process.

Pillar ten: external reporting and communication

Medline is committed to transparency and accountability around its ethical sourcing standards and practices, including in response to the patchwork of legal reporting requirements in the countries in which we operate. The Company seeks to communicate clearly about its ethical sourcing obligations and efforts, and this section of our website will be update accordingly.

Pillar eleven: assessing the effectiveness of our ethical sourcing program

Medline understands that compliance programs cannot be static and must evolve to effectively address risk. We are committed to the periodic review of the Ethical Sourcing Program. The Ethical Sourcing Program will be reviewed on a yearly basis, and additional assessments of the Program and its subcomponents may be conducted when recommended by the Ethical Sourcing Committee. All reviews: (a) are based on appropriate qualitative and quantitative performance indicators; and (b) draw on feedback from both internal and external sources, such as grievances communicated by affected stakeholders.



**We make
healthcare
run better™**

Medline Industries, LP.

Three Lakes Drive, Northfield, IL 60093
Medline United States | 1-800-MEDLINE (633-5463)
medline.com | info@medline.com

Follow us



Medline Canada

1-800-268-2848 | medline.ca | canada@medline.com

Medline México

01-800-831-0898 | medlinemexico.com | mexico@medline.com