



# 2017 CORPORATE SOCIAL RESPONSIBILITY

## A Message from Our Executive Office

Medline has been built on the shoulders of our people and the generations who came before them. We are humbled to have so many employees that have been with us 30, 35 and even 40 plus years, and whose own family members have joined us as Medline employees. Through their hard work, we have built a reputation as one of the most respected and reliable names in healthcare. Over the past 100 years, we have grown from a small textile business in Chicago to a global manufacturer and distributor of quality medical supplies and services with more than 15,000 employees and \$9.2 billion in sales.

We are proud of our growth and the trust our customers place in us every day. We honor that trust by acting with integrity and adhering to our company values: to be committed and accountable to our customers, our colleagues and our communities; to foster a culture of new ideas and innovation; to pursue constant improvement; and to go the extra mile in all that we do.

### Our corporate social responsibility efforts are our values in action.

- » We improve the health of our community through our breast cancer awareness campaign. This year we hit a new high, reaching a total of \$2 million in donations to support this great cause. We are honored to share the breast cancer journey with people who battled this disease with grace, dignity and passion. We shared these journeys through a variety of media platforms worldwide on our social channels (page 6).
- » Never content with the status quo, we launched an innovative new pilot program to collect, sort and ship unused medical supplies from hospitals to developing countries around the world. In its first year this program resulted in over 70 metric tons of medical supplies collected through collaboration with our customers and nonprofit partners (page 9).
- » Two of our facilities have become models for keeping waste out of local landfills as part of our commitment to environmental sustainability and our communities. Our SPT assembly plant in Châteaubriant, France is leading our waste reduction initiatives; 89% of total waste at Châteaubriant was recycled in 2016. Our incontinence plant in Georgia, in the United States, is on its way to being a zero-waste facility, with nearly all waste reused, recycled or sold to secondary markets. It is also the winner of our 2016 Green Innovation Award (page 13).
- » Our new solar panel installation in Japan, as well as others underway in California and Germany, supplements our renewable energy portfolio and overall commitment to green building. By investing in solar energy we're investing in cleaner air for the communities in which we live and work (page 16).

Looking ahead to 2017 we will continue to advance our social and environmental efforts with a focus on engaging our employees in these important initiatives. Whether it's reducing our greenhouse gas emissions or getting medical supplies to those that need them most, every employee has a role to play. We will also expand the reach of our corporate social responsibility (CSR) program, engaging more stakeholders around the company and around the world. Finally, we will identify ways we can better measure, monitor and report our progress.

We are excited to share with you our CSR achievements in the following pages, and in the years to come.



**Andy Mills**  
President



**Charlie Mills**  
Chief Executive Officer



**Jim Abrams**  
Chief Operating Officer

The reporting period for this CSR report is January 1, 2016 to December 31, 2016, Medline's financial year.

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## CSR at a Glance

We believe that being a sustainable, ethical and impactful company is essential to our continued growth and success. Below are just some of the highlights of our environmental and social responsibility initiatives.

### CHARITABLE GIVING

**\$2M**

donated to breast cancer charities nationwide



### CHARITABLE GIVING

**27,341**

volunteer hours completed since 2005 by Medline employees and their families for Chicago Cares

### GREEN INITIATIVES

**8.9M**

pounds of waste diverted from landfills in 2016



### CHARITABLE GIVING

**\$770,000**

of medical supplies donated in 2016



### GREEN INITIATIVES

**1,665**

number of solar panels at Aisai, Japan, distribution center

### EMPLOYEE WELL-BEING

**6-TIME WINNER**

of the Chicago Tribune Top Workplaces award (2010, 2012, 2013, 2014, 2015, 2016)

## Our Mission

To provide quality medical products with superior value to healthcare providers and end users, improving patient care and enhancing the quality of peoples' lives.

## Our Values

- » Committed to our customers, our colleagues and our communities
- » Open to new ideas, two-way communication and challenging the status quo
- » Relentlessly improving our quality, service and results, and doing so with integrity
- » Determined to do whatever it takes for our customers

## Our Company

**15,000**

employees  
worldwide

**350,000**

medical and  
surgical products

**500+**

trucks  
nationwide

**90**

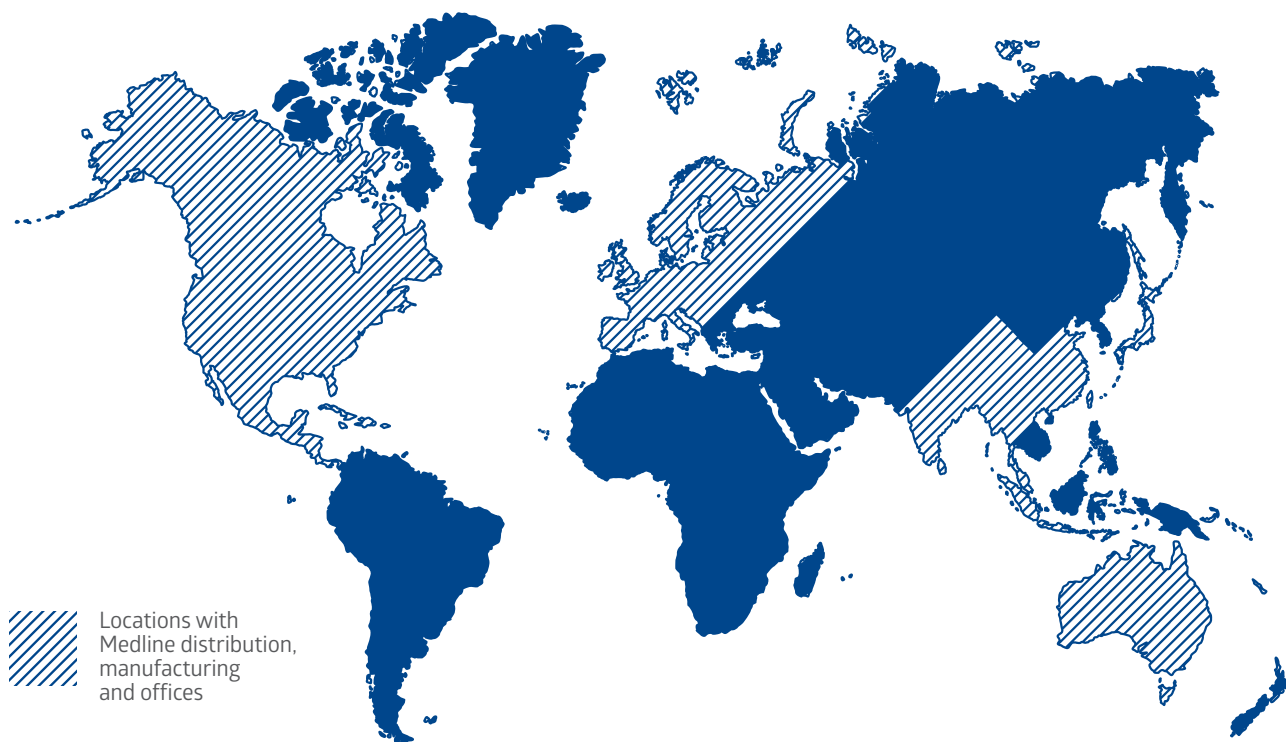
countries where  
Medline does  
business

**\$9.2B**

in overall  
company sales

## Locations of Operations

Medline has achieved rapid growth and presence around the world. Our operations span North America, Europe, Asia and Australia.



At Medline, we believe it is our corporate responsibility to help healthcare providers achieve both clinical and financial success in an environment that demands lower costs and better outcomes. As the only supply source that serves the continuum of care, we strive to offer tailored products and solutions that meet the needs of a competitive and complex industry without compromising care. We can help customers do more with less by bringing the best ideas and practices from one care setting to another. These are the care settings we serve:

- ## 5 MEDLINE CSR 2017

## Supporting Our Communities Through Philanthropy

Our mission to improve the quality of people's lives extends to the communities in which we live and do business. In recent years, Medline has developed robust philanthropic campaigns that address some of the most pressing health concerns affecting our employees, their families and communities at large including breast cancer awareness, medical relief and heart health. Furthermore, Medline teams throughout the country support a plethora of local charity affiliates through community relations and employee engagement including Adopt-a-Highway, Feed My Starving Children, Chicago Cares and more. When unified together, seemingly small impacts can make a world of difference.

### Breast Cancer Awareness

The most recent figures from the National Cancer Institute show one in eight American women will be diagnosed with breast cancer in her lifetime. It is the most common cancer among women worldwide. We know that research is critical to ending breast cancer. But access to high-quality care for all patients, regardless of their financial, socioeconomic or geographic situation, is not just the right thing to do, it is critical to eradicating breast cancer. Medline is proud to be part of a community that is so passionate and motivated to improve the lives of patients and people in the fight against breast cancer.

In 2005, Medline launched a Breast Cancer Awareness campaign to emphasize the importance of prevention and early detection. Through our relationship with breast cancer charities throughout North America, we have impacted the lives of patients, survivors and their families through fundraising and awareness. To date, we have donated \$2 million to breast cancer charities through the sale of our signature pink products, our Pink Glove Dance video competition and unique events supported by our employees.



Healthcare professionals "Get Their Pink On" in support of the Medline Breast Cancer Awareness campaign.

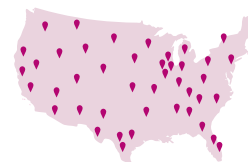


Some Walk. Others Run. We dance with Medline signature pink gloves in support of breast cancer awareness throughout the world. 1. Healthcare professionals and people in the community perform a Pink Glove Dance. 2. Operating room nurses wear pink gloves and dance at the annual Medline Breast Cancer Awareness Breakfast event.

## Engaging Our Customers

Some of our efforts to raise awareness include an annual breast cancer awareness breakfast and the Medline Pink Glove Dance video competition. Our breakfast event is attended by operating room professionals from around the country. Since its launch in 2005, this event has captured the attention of over 11,000 operating room nurse professionals in the United States. The Medline Pink Glove Dance (PGD) video competition unites healthcare professionals and their communities throughout North America around breast cancer awareness through the joy of dance. In its six-year history, the PGD video competition has generated 680 videos, brought together nearly 250,000 pink-gloved dancers and helped raise money for breast cancer charities nationwide.

Medline Europe, Australia and Canada have launched similar events to help raise awareness in their communities. In Europe, healthcare professionals have participated in the Medline Europe Pink Glove Dance video competition (2013-2015) and the Pink Glove photo competition (2016). The EU PGD video competition garnered 1,220 participants and helped raise 46,000 euros for 10 breast cancer organizations. Their photo competition secured nine photographs and attracted 12,800 likes on Facebook. Medline Australia hosted the Pink Glove Dance video competition (2011-2015) as well. Nearly 40 videos were created and \$83,000 AUD has been donated to Australian breast cancer charities. Medline Canada has hosted a biennial breast cancer awareness breakfast, which has attracted more than 500 healthcare professionals throughout the country.



**\$2 MILLION**  
donated to breast  
cancer charities  
nationwide



**720**  
videos submitted  
worldwide for the  
Pink Glove Dance  
competition



**250,000+**  
pink-gloved dancers  
worldwide since 2009

## Medical Relief

Quality healthcare is not attainable for every community, and Medline believes it should be. In developing countries around the world, patients are turned away due to a shortage of basic medical supplies. We collaborate with medical surplus recovery organizations to collect supplies and equipment and donate them to communities around the globe. In 2016, Medline donated the equivalent of 73 metric tons of product, a value of over \$770,000. Recipient organizations include:

- » Project C.U.R.E. (Commission on Urgent Relief and Equipment)
- » Globus Relief Fund
- » Project Save – California
- » Hospital Sisters Mission Outreach
- » International Health Partners

Our relationship with Colorado-based Project C.U.R.E. has been an integral part of the success of our medical relief program. Project C.U.R.E. is the largest nonprofit organization in the world that provides customized, donated medical supplies, equipment and related program services to hospitals and clinicians in the developing world. They also provide onsite needs assessments and health trainings on topics ranging from the American Academy of Pediatrics' Helping Babies Breathe training to education on hand hygiene and first aid.

Over the 2015/16 fiscal year Project C.U.R.E. provided \$57 million of wholesale customized, medical relief in over 53 countries. Thanks to the dedication of volunteers nationwide working more than 100,000 hours last year, two to three semi-truck containers of life-saving aid leave Project C.U.R.E.'s warehouses every week.

In 2016 Medline donated 215 pallets of medical supplies and equipment to Project C.U.R.E. With these donations, Project C.U.R.E. was able to ship Medline supplies and equipment to 150 recipient facilities in desperate need of these resources, spanning 36 countries around the world, including:

### Africa

Angola  
Benin  
Burundi  
Cameroon  
Congo Republic  
DRC (Kinshasa)  
Ethiopia  
Ghana  
Kenya  
Liberia  
Madagascar  
Mali  
Mauritania  
Nigeria

Rwanda

Senegal  
Sierra Leone  
Somalia  
Tanzania  
Uganda  
Zambia

### Asia Pacific

Indonesia  
Papua New Guinea

### Central America

Guatemala  
Haiti  
Honduras

### North America

Mexico

### Middle East

Armenia  
Gaza Strip & West Bank  
Jordan  
Romania  
Ukraine

### South America

Bolivia  
Paraguay  
Suriname  
Venezuela

## JFK Medical Center, Liberia

Located in the capital city of Monrovia, Liberia, the John F. Kennedy Medical Center is the last referral hospital in the country. The hospital serves the entire population of Liberia, in addition to people in other neighboring countries who may need treatment. The total population is about 4.4 million people, equivalent to the entire state of Louisiana. Liberia faces a severe shortage of physicians, with only one doctor for every 50,000 people, compared to a 1:500 ratio in the United States.<sup>1</sup>

Even in ordinary circumstances, this shortage has severe consequences for Liberians. The country's maternal mortality rate is among the worst in the world at 994 deaths per 100,000 births and only 37% of deliveries taking place in a healthcare facility.<sup>2</sup>

In 2014 JFK Medical Center was at the center of the Ebola crisis. Many physicians and staff members lost their lives in their pursuit to assist and treat patients. In these extraordinary circumstances resources are spread even thinner. Medline's donations of new beds, delivery equipment, infant warmers and an incubator equipped the facility in a renovation following the Ebola crisis.



Medline supports Project C.U.R.E. by donating much needed supplies to help patients in developing countries around the world.

## Medical Relief Supplies Pilot Program

Hospitals around the country routinely have excess or surplus medical supplies for various reasons, including items that are opened, but unused. Although these products have not been used they are often tossed in the trash and end up in landfills. In 2015, Medline launched a pilot in collaboration with Project C.U.R.E., Advocate Health Care and AMITA Health. The pilot, which was fully rolled out in 2016, leverages Medline's logistics capabilities with Advocate and AMITA's commitment to medical relief as well as Project C.U.R.E.'s international partnerships. The joint project has a dual social and environmental mission to divert products from landfills and get them into the hands of people that need them most.

Through this partnership over 70 tons of medical supplies were diverted from landfills in 2016, as well as a significant amount of equipment, including hospital beds, patient monitors and ultrasound machines. Medline provided shipment of all supplies to the local Project C.U.R.E. warehouse to be sorted and ready for shipment around the world.

### Overview of how it works

- » Items eligible for donation are segregated out of the waste stream and properly labeled as donation.
- » Boxes are picked up from hospital by MedTrans on pre-scheduled or on-demand pick-up dates.
- » Donations are stored at Medline distribution centers to accumulate for Project C.U.R.E. pick-up.
- » Donations are picked up by Project C.U.R.E. and sorted and shipped from their warehouse.

### MEDLINE'S REACH AROUND THE WORLD



**\$770,000**

worth of product donated to medical relief charities



**73**

metric tons of medical supplies donated by Medline



**150**

recipient facilities around the world received Medline's donations

"We are thankful for Medline and the partnership that allows us to transport donations—that otherwise might be destined for the landfill—from our hospitals to Project C.U.R.E., both safely and efficiently. This is a great example of organizations pooling their expertise to make a difference to communities around the world."

*Katie Wickman, MS, RN, CIC,  
Sustainability Manager,  
Advocate Health Care*



C.U.R.E. Clinics connect Project C.U.R.E. volunteers with in-country medical staff to provide healthcare in its most direct form.

## Community Engagement and Charitable Donations

### Heart Health

According to the 2016 Heart Disease and Stroke Statistics Update, cardiovascular disease is the leading global cause of death, accounting for more than 17.3 million deaths per year. Experts also say this number is expected to grow to more than 23.6 million by 2030.<sup>3</sup> Heart disease is a serious condition that impacts the lives of our employees and their families.

In 2012, Medline partnered with the American Heart Association (AHA) in support of its mission to help people build healthier lives free of cardiovascular disease and stroke. We are proud to partner with the AHA and believe in a shared goal of working together to find lifesaving solutions and to help people think differently about their health.

Each year, hundreds of Medline employees and their families participate in the AHA Heart Walks around the country. The walks help raise awareness and allow Medline to connect with our employees, especially those battling heart disease, in a truly meaningful way. Furthermore, Medline and our employees have donated more than \$200,000 and fund critical AHA medical research and education programs.

With so many people touched by heart disease, Medline is committed to providing employees with important ways to lead a heart-healthy lifestyle, including wellness activities like free blood pressure checks, CPR training and educational seminars.

The Heart Walk is the American Heart Association's premier event for raising funds to save lives from heart disease and stroke. Medline also supports the AHA through various health and wellness initiatives including:

- » AHA Education Program
- » CPR and AED Training
- » CPR Certification
- » Heart Healthy Eating
- » Access to Exercise Programs and Equipment in Several Facilities

"We are so grateful for Medline's support of the Metro Chicago Heart Walks," said Jayme Pierson, vice president of corporate development at the American Heart Association. "These walks raise critical funds for our medical research and education programs, and we can't win the fight against heart disease and stroke without the vital support of companies like Medline."

*Jayme Pierson,  
VP Corporate Development,  
American Heart Association*



Medline employees and their families participate in the annual American Heart Association Heart Walk to support the prevention of heart disease and stroke.

## Medline Employees in Action

Medline is committed to the many communities where we operate through philanthropy and engagement. In 2016, employees at corporate headquarters in Illinois, Dubuque, Iowa, and Temecula, California, participated in community relations activities that support local chapters of charities. In addition to corporate donations to these charities, employees contributed by fundraising, volunteering and participating in events to support local charities.

### CORPORATE HEADQUARTERS

#### Feed My Starving Children

More than 1,100 Medline employees have volunteered since 2015 resulting in 243,864 meals packed. Because of these efforts, 668 children were fed for 1 year (1 meal per day); an average of one child for every two volunteers.

#### Chicago Cares

Since 2007, Medline has donated \$820,000 in support of the Chicago Cares missions to build a stronger, more unified Chicago. Nearly 5,000 Medline employees and their families have volunteered 27,341 hours to help enhance communities through a variety of projects.

#### Make-A-Wish

Every year, nearly 1,200 children in Illinois learn they have a life-threatening medical condition. Since 2011, Medline has been helping to make some of those wishes come true. In that time, the Medline Foundation has donated \$36,730 and has granted six wishes.

### DUBUQUE, IOWA

#### American Heart

**Association Heart Walk:** Medline sponsored the Heart Walk Dubuque. In addition to employee participation, walkers raised additional funds for the local AHA chapter.

#### Clare Cares and St. Stephens

**Food Bank:** Employees donated 508 pounds of food to St. Stephens Food Bank.

#### Resource Unite-Water for Flint,

**Michigan:** Employees raised funds to purchase two pallets of water, or 168 cases, for the citizens of Flint, and eight cases of baby wipes.

### TEMECULA, CALIFORNIA

**Adopt a Classroom:** Teachers post needs for their classroom and donors can sponsor. Employees raised \$1,300 and used it to donate to four classrooms in the community.

**Temecula Pantry:** Employees conducted a food drive to help a local food pantry.

**Michelle's Place:** Sponsorship of families whose moms are undergoing cancer treatment. Medline employees adopt children and buy gifts for them. In 2016, we adopted 60 kids.

### Medline supports leading non-profit organizations



## Limiting Our Environmental Impact

Globally, environmental challenges such as natural resource depletion, climate change, pollution and threats to biodiversity require companies and individuals to be proactive stewards of the natural environment. Medline understands there are environmental impacts associated with the manufacturing, distribution and use of our products and services. We strive to monitor and manage these environmental impacts to the best of our ability.

At Medline, we believe that protecting the health of our planet is reflected by our company-wide commitment to continuous improvement. We believe that being proactive requires us to measure our environmental impacts and set future objectives. It is our priority to maintain the highest quality while lessening the environmental impact of our operations, products and services. To accomplish this Medline will:

- » Conduct our business in a manner that minimizes waste and ensures compliance with all environmental regulations and other requirements to which we subscribe.
- » Implement green building best practices by constructing new facilities to LEED building standards where feasible.
- » Prevent pollution and conserve natural resources, including energy, through source reduction, reuse and recycling wherever feasible.
- » Adopt an Environmental Management System to periodically review progress.

## Implementing Our Environmental Management System

An environmental management system is an enterprise management tool to identify and control environmental impacts. Medline's environmental management system is driven by our ISO 14001 certification. Developed by the International Standards Organisation (ISO), ISO 14001 certifies that environmental management systems are in place at a facility, including concrete environmental initiatives that are planned, implemented and reported on. Using ISO 14001 provides assurance to company management and employees as well as to our customers and communities where we operate that our environmental impact is being measured and improved.

Medline is committed to a culture that drives positive environmental outcomes. We maintain our certification through our efforts to prevent pollution, obey regulations and improve our environmental impact, which ultimately assures customers, employees and communities of our operations.

Thirty-five percent of our manufacturing facilities and eight of all Medline facilities worldwide are ISO 14001:2004 certified:

### World Headquarters

Northfield, Illinois

### ReadyCare Division

Waukegan, Illinois

### Dynacor Division

Mundelein, Illinois

### Personal Care Division Incontinence Production Plant

Lithia Springs, Georgia

### Sterile Procedure Tray Assembly Facilities

Châteaubriant, France  
Waukegan, Illinois

### Offices

Spain  
Italy

## Initiatives to Recycle and Reuse

Medline recycling initiatives are widespread at facilities in the U.S. and around the world. Medline's incontinence production facility in Lithia Springs, Georgia, has become a model for waste diversion, and was a winner of our 2016 Green Innovation Award. Since the plant's opening in 2011, this facility has identified ways to recycle nearly 100 percent of scrap from the manufacturing process, and use it to generate revenue by finding third-party recyclers that make sure the product or material gets a new life.

Not only have these initiatives diverted 8.9 million pounds from landfills in 2016, in that year alone they generated over \$500,000. These initiatives are part of a broader continual improvement initiative under the plant's ISO 14001 certification.

About 89 percent of the total waste at our Châteaubriant facility is recycled. These results are achieved through active employee engagement in waste sorting, random audits during the production process and Medline's investment in specialized recycling equipment.

In Kleve, Germany, some of the pallets used for transportation and storage are Euro-certified and part of an exchange system with transportation partners: the same number of pallets that are loaded onto trucks is returned to the distribution center for re-use. Poor quality pallets are separated and recycled. Furthermore, our Florence, Italy, office is progressively moving towards electronic invoices and documentation to limit paper waste.



Near 100 percent of the excess materials from the manufacture of our briefs, protective underwear and other incontinence products are recycled or reused. This facility received the 2016 Green Innovation Award.



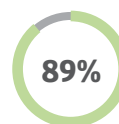
## ZERO WASTE

Lithia Springs facility has found ways to recycle nearly 100 percent of manufacturing scrap



## 8.9 MILLION

pounds of waste diverted from landfills in 2016



## 89 PERCENT

total amount of waste at our Châteaubriant facility that is recycled

## Managing Our Greenhouse Gas Emissions

Medline began its company-wide sustainability initiative nearly 15 years ago by working to conserve energy and dramatically lower greenhouse emissions within its own footprint. This is not only good for our business, but it is also the right thing to do for the long-term sustainability of our planet.

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 emissions. The IPCC's Fifth Assessment Report identifies increased species extinction (flora and fauna), ocean acidification and sea level rise, reduced food security, water scarcity and adverse effects on human health, as some of the risks associated with climate change in the 21st century. We support the spirit and ambition of the 2015 Paris Climate Agreement and other international climate policies and instruments that facilitate the implementation of the United Nations Framework Convention on Climate Change (UNFCCC).

### Medline North America & Europe Combined GHG Emissions FY2015<sup>4</sup> (measured in metric tons CO<sub>2</sub> e\*)

Scope 1  
45,201

Scope 2  
81,309

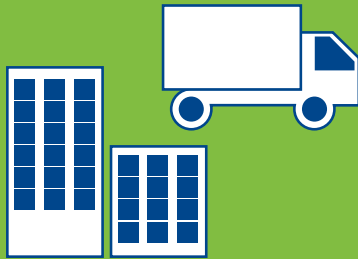
Scope 3  
90,611

\* CO<sub>2</sub>e stands for carbon dioxide equivalent and is a standard unit to measure carbon footprints. It is used to compare the emissions from various greenhouse gases based upon their global warming potential.



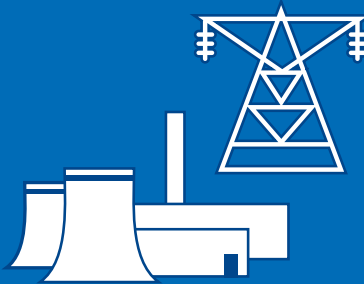
## Scope 1 DIRECT

Company vehicles  
and company facilities



## Scope 2 INDIRECT

Purchased electricity, steam,  
heating and cooling for own use



## Scope 3 INDIRECT

Purchased goods and services, leased  
assets, business travel, transportation  
and distribution, use of sold products,  
waste generated in operations,  
employee commuting, end-of-life  
treatments of sold products, capital  
goods, investments, franchises, fuel  
and energy-related activities and  
processing of solid products



This illustration demonstrates the sources of GHG emissions.  
Source: GHG Protocol, 2013. Scope 3 Accounting and reporting standard

## Greenhouse Gas Inventory

Since 2012, we have been measuring our carbon emissions through an annual greenhouse gas (GHG) inventory. Medline's GHG inventory measures scope 1, scope 2 and scope 3 GHG emissions in North America and Europe. The data gathered informs our strategies to better manage and minimize our environmental footprint. We report annually to what was formerly known as the Carbon Disclosure Project (CDP). The CDP is an international organization that produces annual questionnaires on climate change, supply chain, water and forests. The CDP aims to improve companies' disclosure of their environmental performance.

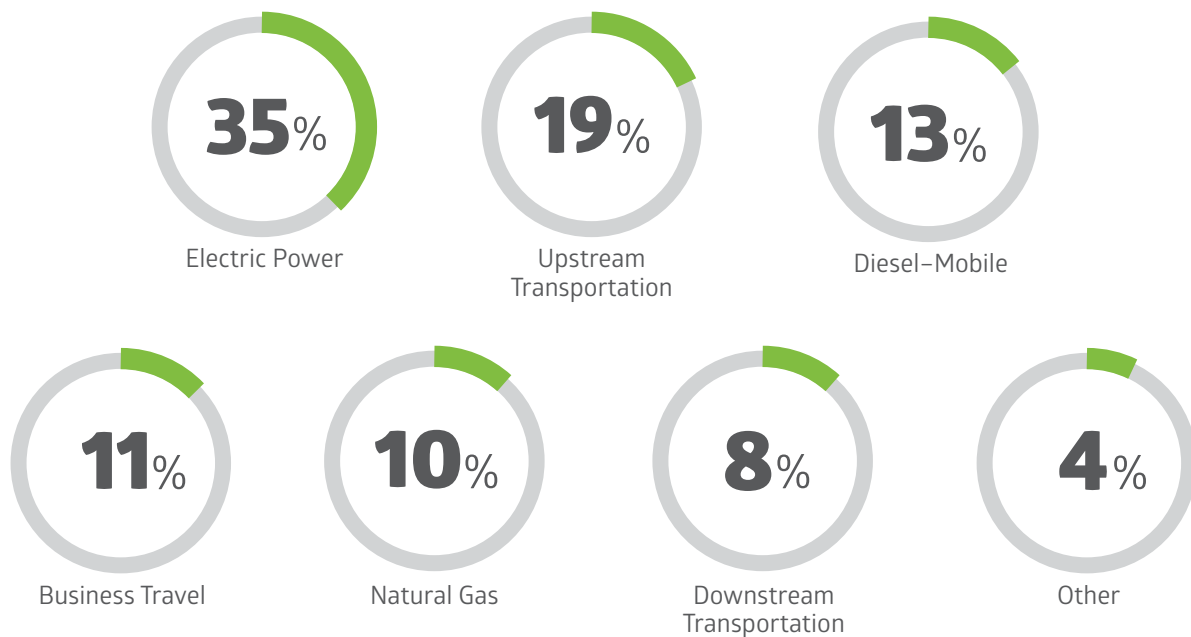
We believe that corporate transparency in greenhouse gas emissions is an essential step toward climate change progress. Medline's total measured scope 1, scope 2, and scope 3 greenhouse gas emissions in the United States and Europe amounted to 217,121 metric tons of CO<sub>2</sub>e (carbon dioxide equivalents) in 2015.

## Sources of Emissions

The majority of Medline's emissions come from scope 3 emissions made up of upstream and downstream transportation and business travel. Our scope 2 emissions come from the electric power required to run our distribution centers and manufacturing facilities. Scope 1 makes up the smallest portion of our total footprint, consisting primarily of the diesel used to fuel our MedTrans fleet, as well as natural gas used to heat our buildings.

### SOURCES OF GREENHOUSE GAS EMISSIONS

Total Emissions = 217,121 MT CO<sub>2</sub>e





A distribution center in Aisai, Japan, is Medline's first facility with solar panels installed to generate energy to power the building.

## Green Building

In July of 2016 we opened our first solar panel installation at our distribution center in Aisai, Japan. On days with optimal conditions the 1,665 solar panels generate the majority of the energy needed to power the building, and the excess goes back to the grid. Energy generation peaked in August with over 60,000 kilowatt hours generated. Solar installations in California and Germany are underway and will go online in 2017. A \$3 million investment, these additional renewable energy projects will not only boost the proportion of our energy consumption derived from "clean" renewable sources, but also reduce our scope 2 GHG emissions.

This investment in renewable energy builds on our current green building commitment. We have two geothermal facilities, in Mundelein, Illinois, and Dubuque, Iowa. This technology uses the natural temperature of the earth 600 feet below the surface to heat and cool the building. Forty percent of our distribution centers in the U.S. are LEED-certified or pending certification, representing over 8.3 million square feet of warehouse space. All new Medline buildings throughout the world are constructed to meet LEED certification standards.

Our new office in Kleve, Germany, will include a data center to house most of our systems and infrastructure for our European operational and sales offices. This centralized approach is in itself more energy efficient than having duplicate data centers located in multiple countries. We estimate that our data center will be about 30 percent more energy efficient than the current industry average, using the standard "power usage effectiveness" (PUE). This high-energy efficiency will be achieved by using the latest server technology to minimize energy consumption and hard disk use, while incorporating appropriate insulation materials and air conditioning systems into building design.



**TWO**

geothermal facilities:  
Mundelein, Illinois  
Dubuque, Iowa



**8.3 MILLION**

square feet of  
LEED-certified  
warehouse space



**40 PERCENT**

of distribution centers  
are LEED certified  
(or pending certification)

## Engaging and Incentivizing Our Employees

At Medline we believe in incentivizing our employees to achieve results, and our environmental footprint is no exception. Our operations teams are recognized for incorporating environmental performance into their performance reviews and bonus structures. MedTrans corporate and field management teams have bonus structures that incorporate efficiency programs, such as Dynamic Route Planning and Cube Utilization. These strategies incentivize drivers monthly, based on reducing miles and fuel use per delivery. Directors and managers overseeing our 40+ distribution centers have bonus goals based on reducing each building's expenses. The annual performance bonus of our Imports and Inbound Transportation management team is partially based on increasing efficiency of the transportation of goods and reducing transportation related energy usage and emissions.

We are working to reduce emissions by offering incentives to use public transportation, electric vehicles and carpooling. We encourage the use of public transportation by offering a pre-tax transportation card (via payroll deduction) to pay for tickets. Medline also offers free shuttle buses from public transit stations to our headquarters. Employees who carpool are eligible for premier parking as well. Additionally, Medline has charging stations at our headquarters available to all employees with electric cars. These programs help employees save money on transportation and reduces emissions associated with employee commuting.

"Every Medline employee has a role to play in lightening our impact on the earth. Through these incentives we challenge employees to consider the environment in their work every day."

*Francesca Olivier, Corporate Social Responsibility Manager, Medline Industries*



Medline drivers are incentivized monthly to reduce miles and fuel use per delivery.

## Developing Sustainable Products and Services for Customers

Sustainability starts with innovation. From formulas that are plant-based and chemical-free to smarter packaging that reduces waste, Medline strives to create quality products and services that lighten our impact on the planet.

### Reprocessing Medical Devices

Medline ReNewal is a key division of Medline with an expansive reprocessed product line for both hospitals and surgical facilities. As an FDA-recognized third-party reprocessor, ReNewal's mission is to drive unnecessary costs out of healthcare through provisions of high-quality devices that are fully restored and ready for use, while employing practices that promote environmental responsibility.

ReNewal significantly contributes to medical waste reduction by reprocessing devices otherwise labeled as "single-use" by the manufacturer (and discarded after that one time). This enables facilities to re-use them safely and effectively, diverting a substantial number of medical instruments from landfills. In some cases, devices are reused up to 10 times. Industry-wide, this amounts to an estimated five million devices every year, or 1.1 million pounds diverted from the landfill.

### OR Suction Canisters with Less Plastic

Our soft liners and semi-rigid canisters for the operating room are manufactured with less plastic raw materials compared to rigid containers. Semi rigid canisters contain 70% less plastic, which means 2,200 pounds of less waste in the trash and 76% fewer carbon dioxide emissions. Soft liners contain 53% less plastic, resulting in 1,700 pounds less waste and 57% fewer carbon dioxide emissions. By using less plastic, we're reducing the total production of petroleum-based materials and reducing the carbon footprint of these products.



**1.1 MILLION**

estimated amount of medical devices diverted from landfills by reprocessing



**70 PERCENT**

less plastic used in semi-rigid canisters



All reprocessed devices are subjected to greater scrutiny and inspection than brand new ones.

### Cotton Towels with Regenerated Cotton

Every year spinning mills, weavers and fabric manufacturers waste tons of cotton fiber during the processes of ginning, carding, combing and refining it to its final raw material form. Using current processes of producing finished apparel and related goods from raw virgin cotton, 20–49 percent of the original fiber is typically separated as waste. Our new Next Threads Regenerated Cotton Towels make use of this wasted cotton. They are created through a patented fiber regeneration process using pre-consumer cotton that is discarded from mills. By using regenerated cotton, we conserve landfill use and reduce the amount of land, water, energy and pesticides used for growing. Without the need to grow new cotton, farmland can be utilized in better ways, such as growing food.

### Exam Glove Packaging that Reduces Waste

We redesigned the packaging of our nitrile exam gloves to fit 50% more gloves and use one-third less cardboard than the industry average. This seemingly small change has big impacts. A 200-bed hospital can reduce cardboard waste from empty boxes and cases by nearly 2,000 pounds annually. The gloves are also specially packed inside the box to avoid clumping and bunching, ensuring easy removal of the desired number of gloves. The result is an overall reduction in packaging and gloves wasted when pulled out of the box. Finally, greenhouse gas emissions are reduced when more gloves are loaded per truck, equating to fewer trips to transport gloves to customers.

### Plant-based Alternatives

Medline Remedy Phytoplex is a full line of advanced skin care products made with a proprietary blend of nature's gentlest, most beneficial botanicals such as soy, blue green algae, clove and green tea. Rich in nutrients, vitamins, humectants and antioxidants, each Phytoplex product is designed to soothe, nourish and moisturize sensitive skin without the use of parabens, phthalates or sulfates.

Our Eco-Barrier Bed Bug Solutions are non-toxic, all-natural plant-based formulas composed of natural herbal and essential oils, such as peppermint and geranium oil. The solutions are three times more effective and 30 times faster acting than the leading chemical insecticide.



**1/3 LESS**

cardboard waste  
with new Medline  
gloves packaging



**50 TIMES**

more gloves  
per box than  
industry average



**30 TIMES**

faster acting bed  
bug spray than the  
leading chemical  
insecticide



Medline's Remedy Phytoplex line uses a gentle combination with soybeans and cloves for products to cleanse, moisturize, protect and treat.

## Promoting the Well-being of Our Employees

Our employees are our greatest asset. They possess the entrepreneurial, action-oriented spirit upon which our company has been built. We strive to create a safe, stimulating and rewarding work environment for our employees around the world.

### Diversity, Inclusion and Equal Opportunity

We believe in the value of diversity and inclusion in the workforce and recognize the innovation and creativity that results when qualified talent works together. Diversity encompasses differences such as race, gender, sexual orientation and age, but it also encompasses cultural differences, educational differences, background, geography and overall life perspective. With a diverse workforce issues are evaluated from different perspectives, leading to a broader, more effective result.

We strive to create and foster a supportive and inclusive environment in which everyone can achieve success and contribute effectively to the overall organization. Inclusion recognizes and embraces a work environment where the unique attributes, perspectives, backgrounds, skills, and abilities of each individual are valued, and where each individual has the opportunity and encouragement to seek and achieve success at all levels within the organization. Medline recruits and hires employees from varying backgrounds and seeks to give every employee the opportunity to succeed.

Medline is committed to providing an environment of fairness and equitable treatment of its workforce, regardless of race, creed, color, physical or mental disability, religion, gender, sexual orientation, gender identity, national origin, ancestry, veteran status, age or other characteristic protected by law. These principles are reflected throughout our Employee Handbook, including our Equal Employment Opportunity policy and our Anti-Harassment/Sexual Harassment policy.

### Well-being at Work and at Home

We are proud of our ability to attract a talent pool of highly competent individuals who contribute to the business' long-term success and viability. Our broad range of benefits are designed to protect the health of our employees, provide financial security and improve the quality of life at work and home.

- » Free on-site fitness center open 24/7 at corporate office
- » Flexible work hours
- » Tuition reimbursement
- » Free commuter shuttle and public transportation incentives
- » Subsidized cafeteria and complimentary fresh fruit and coffee
- » Training and development



**15,000**  
employees  
worldwide



**90+**  
countries where  
Medline conducts  
business



**3,000+**  
new positions  
staffed since 2013



Our employees possess the entrepreneurial, action-oriented spirit upon which our company has been built.

## Employee Engagement

We encourage our employees to express their opinions and provide constructive criticism about their workplace experiences at Medline. Communication channels include one-on-one feedback between employees and their supervisors and direct interaction with the senior leadership team whose members are generally accessible. Other communication tools to reach employees include the company intranet, internal newsletters and internal townhall meetings. Furthermore, we conduct a periodic employee engagement survey. The survey is administered by our parent company in the United States to all Medline employees worldwide. Employees are able to participate anonymously and the topics range from occupational health and safety to career development. The most recent survey was conducted in 2014 (the next survey will be conducted in 2017). Employees rated Medline favorably in the following areas:

- » Collaboration and teamwork
- » Safety
- » Employee engagement and satisfaction
- » Customer focus

## Awards and Recognition

We are proud to be continually recognized by our employees and industry peers. We received our sixth Top Workplaces award, among others in 2016.

### Top Workplaces Survey

Chicago Tribune, United States

### List of 150 Great Places to Work in Healthcare

Becker's Hospital Review, United States

### Best Global Medical Products Provider

Global Health & Pharma, United Kingdom

### Medical Supplier of the Year

HealthTrust, United States

### Top 50 Privately-Held Companies in America

Forbes, United States

## Human and Labor Rights in Our Operations and Supply Chain

Medline is committed to ensuring that working conditions in Medline's supply chain are safe, that workers are treated with respect and dignity, and that manufacturers are environmentally responsible. Medline's suppliers are obligated, in all of their activities, to operate in full compliance with the laws, rules, and regulations of the countries in which they operate. The Supplier Code of Conduct goes further, drawing upon internationally recognized standards, in order to advance social and environmental responsibility.

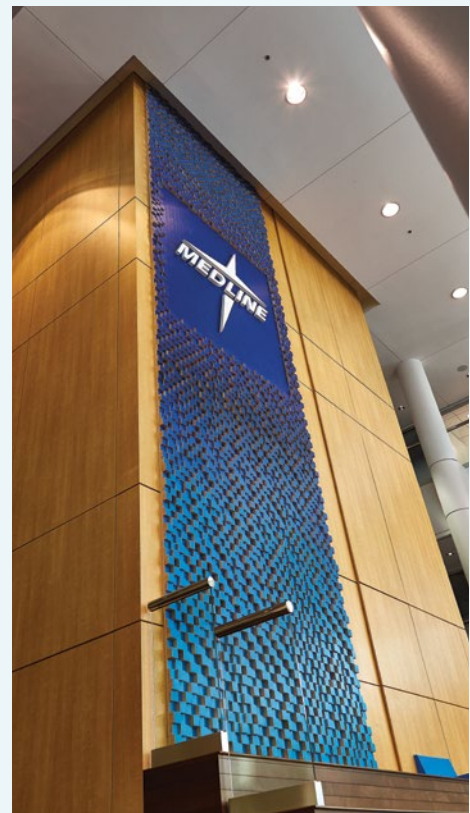
## Welcome to Northfield

In 2016, Medline moved to its new headquarters in Northfield, Illinois, to accommodate the need for more space to grow. The new campus fosters a work environment that supports our company, employees and culture.

The uniquely designed open work spaces and ample daylight inspire productivity and collaboration, and increase employee morale.

To encourage health and wellness among our employees, an on-site gym features state-of-the-art equipment and a basketball court. The outdoors include gathering spaces and walking trails.

The building also allows Medline to welcome customers to a warm space that showcases what sets us apart: our vast portfolio of products, worldwide presence and entrepreneurial spirit.



Medline's corporate headquarters in Northfield, Illinois, fosters a work environment that supports the company, employees and culture.

## Conducting Business with Integrity and Ethics

Medline is defined by our commitment to integrity. Medline promotes a positive work environment for all employees and we expect honest and ethical conduct in every part of our business and in each customer interaction. We'll fight to protect and preserve our reputation that we've earned through generations of hard work and dedication to our customers. Ethics and integrity above all. It's that simple.

Our Code of Conduct is the foundation of our Ethics and Compliance program. It serves as a guide to ensure that we act legally and with integrity. Medline has created an extensive Ethics and Compliance program that includes comprehensive training and education, our Open Talk helpline, and monitoring and evaluation.

### Comprehensive Ethics and Compliance Program

Medline has an extensive Ethics and Compliance program that is designed to reach all of our employees and is at the core of our business. To achieve this, Medline has appointed a Chief Ethics and Compliance officer who is assisted by the members of the Ethics and Compliance Office. They oversee the implementation and review the effectiveness of the Compliance Program. This includes:

#### Chief Ethics and Compliance Officer

Lead the day-to-day efforts of implementing the Ethics and Compliance program and promoting a culture of compliance within Medline

#### Monitoring and Evaluative Activities

Assess the integrity of Medline's operations and promote continuous improvement

#### Code of Conduct

Guide employees in performing their duties

#### Disciplinary Standards

Discourage unethical and illegal behavior and deter non-compliance

#### Training and Education

Facilitate understanding of responsibilities with respect to governing standards and ethical principles

#### Response Mechanisms

Investigate any suspected non-compliance, institute corrective measures and prevent recurrence

#### Effective Communication Channels

Encourage employees to seek guidance and raise concerns regarding the propriety of conduct

## The Helpline

The Open Talk helpline, available 24 hours a day, 7 days a week, is Medline's confidential channel through which anyone can ask questions and raise concerns about ethics, compliance, or potential violations of law or company policy. Open Talk is administered by an independent, third-party company and can accommodate reports in more than 75 languages. The Open Talk helpline can also be used by third parties, such as vendors and customers.

The Open Talk contact information is displayed on posters and/or on our electronic messaging system throughout our corporate campus and other locations.

In addition to Open Talk, employees are encouraged to contact compliance, their managers, human resources or other supervisor in the company with questions or concerns they may have regarding Medline's policies or how to proceed in a given situation. Retaliation against an employee who makes a good faith report through Open Talk, in person or other reporting method is prohibited.

Ultimately, a commitment to ethics and compliance is everyone's responsibility.



## Our Anti-Corruption Policies

Medline operates in many markets across the globe and emphasizes ethical business dealings throughout our operations and with each of our business partners. Medline prohibits bribery and other forms of corruption in its business dealings and has specific policies and procedures for interacting with government officials, whether directly or indirectly.

## Looking Forward

We are grateful to our employees around the company and around the globe, whose ideas, altruism, and creativity have contributed to the robust social and environmental responsibility initiatives described in this report. As much as it is a platform for sharing our progress, this report is also a tool for reflection. Looking forward, we ask ourselves and our employees: What can we do better? How can we have a greater impact? How can our action best represent our values? With these questions in mind we will build on the work highlighted here and seek more ways we can advance our CSR efforts.

In the coming year we will be engaging our employees more than ever before, challenging our colleagues to increase service to our communities through volunteerism and community involvement. We will be launching new opportunities for employee activism in our primary causes like medical relief and heart health.

We commit to continual improvement in one of the most difficult aspects of CSR – measuring success. In the next twelve months we will develop better methods for measuring, monitoring and reporting progress.

Finally, we look forward to expanding our reach so that more stakeholders around the company have a voice in the future of CSR at Medline.



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