



Together Improving Lives  
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## Medline to the Frontline – May COVID-19 Communications

May 11, 2020

Dear Valued Customers,

Like all Canadians, we are deeply grateful for the actions of nurses, doctors, and all health care workers who are placing the needs of other Canadians ahead of themselves and their families. At the same time, we are proud of and grateful to our distribution employees, who are diligently ensuring that our supplies of PPE and other critical products are reaching the frontline.

As we all navigate these uncertain waters, we wanted to share our learnings and plans for the coming weeks and months.

### Our Commitment to the Frontline

Our commitment to getting supplies to the frontline, above all else, has never wavered from even the earliest days of the pandemic. We are living our values and continue to prioritize frontline workers in Hospitals and Long-Term Care communities, and remain committed to maintaining, where possible, our pre-pandemic pricing. We are not accepting new customers or non-health care orders until our supply chain normalizes. These decisions have not been easy, but we were convinced, and remain so, that this was the right decision. It is gratifying to hear from some of our customers that despite being displeased earlier, they now understand these decisions preserved the integrity of our supply chain and ultimately were to their benefit.

### Supply Chain Strength and Alternative Sourcing Efforts

Everything we do when it comes to our supply chain, and our sourcing efforts, centres around managing through both the current and what we believe the future demand curve will look like. Since the pandemic began, we have focused on serving the Acute and Long-Term Care communities by doing everything we can to supply much-needed PPE. As the economy starts to reopen and Primary Care, Dental, and Surgical centres resume seeing patients, we anticipate further demands for PPE equipment. To meet this demand better, we are ramping up our capacity to source, distribute and manage PPE and other supplies.

We remain true to our values of supplying only safe and verified products. We have hesitated to form relationships with new entrants with no record of producing quality products; we believe that products that protect must be fully tested and safe at all times, not just when convenient to do so.

One unfortunate but unavoidable result is that we expect, as mentioned in previous communications, to experience stock-outs of certain products, such as AAMI-rated Isolation gowns in the near-term. To





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mitigate these and other challenges, we have made significant progress in finding new suppliers, including sourcing alternative non-rated Polyethylene gowns, which can serve some segments of the market.

### Product Pricing and Supply Updates

The challenges facing our industry and the world at large are unprecedented in the era of the modern international supply chain. As a company, we have seen the best of behaviours from our partners and suppliers as we navigate COVID-19 together, such as the sharing of information and findings. Conversely, we've also seen the worst of behaviours too, such as overnight dramatic price increases of raw materials, having long-term suppliers refuse to supply us in favour of those who seek to indecently profit, and having to weed out 'fly by night' entrants. We will continue to evolve our business capabilities and reach, and seek to work with those partners who share our high standards.

Our passion for purpose is to improve the lives of Canadians – together with our employees, our customers and our vendors. We will continue to hold the line as best we can against increasing our PPE prices; however, this is a situation where some PPE product categories have seen a 5-10X increase in costs from our suppliers. It is a business truth that we are not able to withstand these external pressures while maintaining our previous prices across the board indefinitely and our customers should expect some additional PPE price increases in the near-term in some categories. As these price changes materialize, we will continue to communicate and give notice as best we can of any changes that will occur. We are aligned to the principle of engaging in responsible pricing and holding ourselves to the highest standards, and will proceed thoughtfully and carefully as we assess our pricing.

### The Future

It is difficult to predict the future, and yet that is the challenge facing us all. We continue to work with federal, provincial, and regional governments as well as health authorities to ensure equitable distribution of products and optimize supply. We are, like everyone else, making the best decisions we can with the information we have available at the time. We are all in this together, and the lessons learned during this difficult experience will not be forgotten, and ultimately we will be in a better place as an industry, a company and a country to improve lives and serve Canadians.

Together Improving Lives,

A handwritten signature in black ink that reads "Ernie Philip".

Ernie Philip  
President

