

VESTERGAARD FRANDSEN

DISEASE CONTROL TEXTILES



2012 Humanitarian Entrepreneurship Report

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From the Chief Executive Officer

Vestergaard Frandsen (Vestergaard) is a global public health company that innovates game-changing solutions to improve the lives of disadvantaged people around the world. We call this focus Humanitarian Entrepreneurship, and it provides the framework for how we do business. Strong support of the United Nations Millennium Development Goals – such as reducing child mortality and combating HIV/AIDS, malaria, and other diseases – is also a defining characteristic of the company.

Our award-winning LifeStraw® water filters combat diarrheal diseases, and over a half billion of our best-selling PermaNet® bed nets have contributed to the reduction in deaths from malaria by one third since 2000. Other company solutions focus on fighting neglected tropical diseases, increasing HIV testing, reducing hunger and malnutrition, and mitigating climate change.

Vestergaard is a socially responsible company. We donate a substantial amount of time and money to help solve some of the world’s most daunting health problems. We work side-by-side with public sector partners, donor groups and governments. We invest heavily in scientific research and support the work of independent scientists from leading research institutions. And, we sponsor worthy causes by supplying funds and product donations.

Vestergaard acts responsibly, too, in the way we conduct business. We’ve been a proud member of the United Nations Global Compact since 2006, and wholeheartedly abide by its code of conduct to protect human rights, maintain fair labor practices, defend the environment, and root out any corruption we encounter.

2012 was a rewarding year. PermaNet® 3.0, a unique combination bed net that fights insecticide resistant malaria vectors, was distributed to more than four million recipients. Our LifeStraw® Carbon for Water™ program is providing sustainable drinking water to 4.5 million people in Kenya and reduced CO₂ emissions by over two million tons last year. Donations of our pipe filters to The Carter Center have put Guinea worm disease on the path to soon be only the second disease ever to be eradicated. We introduced ZeroFly® Livestock screens to protect livestock from flies, and we’ve developed new LifeStraw® products.

Yes, we’re making progress. But we have a long way to go, especially in light of the limited public sector funding available for so many critical public health needs. We remain steadfast in our commitment to help the world’s most vulnerable people for many years to come.


Mikkel Vestergaard Frandsen
Chief Executive Officer



About Us

Vestergaard was founded in Denmark in 1957, and today is headquartered in Switzerland with offices across the globe. The company is structured around a humanitarian entrepreneurship business model where doing good is good business. This approach supports achievement of the United Nations Millennium Development Goals (MDGs).

Vestergaard’s game-changing solutions contribute to a healthier, more sustainable planet by fighting diseases including malaria, HIV/AIDS, diarrheal diseases and neglected tropical diseases. The

SPIRIT OF HUMANITARIAN ENTREPRENEURSHIP

It’s the opportunity to invent the next life-changing health innovation that makes the humanitarian entrepreneurship model so important to collective efforts to improve public health. An innovative needle developed by Wyeth helped speed up the delivery of the smallpox vaccine and it became the first disease ever eradicated to date. The Guinea worm filter developed by Vestergaard in collaboration with The Carter Center may enter the history books with equal importance because of its critical role in helping to decrease and potentially eradicate Guinea worm disease.

company is the largest global producer of long-lasting insecticidal bed nets. More than a half billion PermaNet® bed nets have contributed to the reduction in deaths from malaria by one third since 2000.

The award-winning LifeStraw® water filter from Vestergaard was named “One of Ten Things that Will Change the Way we Live” by *Forbes* magazine. LifeStraw® technology has been deployed following almost every major natural disaster since 2005, and the family version is the backbone of the LifeStraw® Carbon for Water™ campaign in Kenya. This is the world’s largest privately funded household level water program in the developing world, providing 4.5 million Kenyans with sustainable access to clean and safe drinking water.

Additional company initiatives targeting the MDGs focus on HIV testing, alleviating hunger and malnutrition and mitigating climate change.

High-Impact Partnerships

Unlike the majority of companies that sell directly to end users, most recipients of Vestergaard’s humanitarian products don’t have money to pay for them. Instead, they’re bought, in large quantities, by governments, aid agencies, NGOs, faith-based groups and the private sector. These valued partners then work with Vestergaard to distribute the company’s life-saving products to disadvantaged people around the world.

Vestergaard also works with many local partners to deliver products to in-country destinations rather than simply shipping them to the container port, as is the case with many suppliers. This ensures seamless, on-time delivery to the end destination. The company’s intimate knowledge of these markets and its network of strategically located warehouse facilities help program implementers distribute products affordably and efficiently.

In some cases, Vestergaard even delivers products to the homes of people living in the most remote locations. Such was the case when about 880,000 LifeStraw® Family water filters were delivered to an entire community in Kenya’s Western Province.

Research-Driven Innovation

Vestergaard invests heavily in scientific research to ensure that all of its products operate effectively and efficiently. Highly skilled internal experts include engineers, chemists, pharmacologists and entomologists.

Extensive product testing is conducted outside of the laboratory environment where products are reviewed by independent third parties. Esteemed colleagues are from research institutions such as the Centers for Disease Control, the London School of Hygiene and Tropical Medicine, Oxford University and the United States Department of Agriculture.

In-country research partnerships are also forged with Ministries of Health, NGOs and other organizations to tailor research objectives and ensure high uptake and utilization of information. Data from field trials is used for continuous product development, and is published in internationally renowned peer-reviewed scientific journals.

COMMITMENT TO THE UN MDGS

Vestergaard’s products accelerate achievement of the following United Nations Millennium Development Goals (MDGs):

- MDG 1: Reduce poverty
- MDG 4: Reduce child mortality
- MDG 5: Improve maternal health
- MDG 6: Combat HIV/AIDS, malaria and other diseases
- MDG 7: Ensure environmental sustainability

Game-Changing Products and Solutions

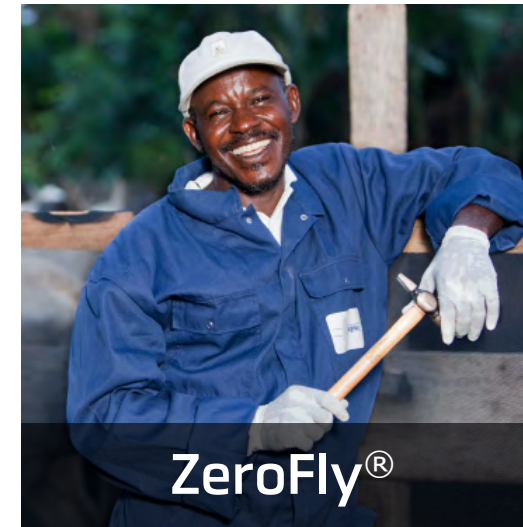
Vestergaard's innovative products and solutions fight preventable diseases and decrease needless suffering for millions of people.



PermaNet® is the leading long-lasting insecticide-treated bed net. It prevents vector-borne diseases such as malaria, which kills a child every 60 seconds. The bed net employs a superior technology which enables the slow release of the insecticide, deltamethrin. PermaNet® lasts for a minimum of three years and requires no re-treatment or dipping. It's recommended by the World Health Organization and meets the highest international standards for efficacy. Products in the line include the best-selling PermaNet® 2.0 long-lasting insecticide-treated bed net and PermaNet® 3.0. This is the first combination bed net designed for areas where vectors have become resistant to insecticides approved for use in bed nets available today.



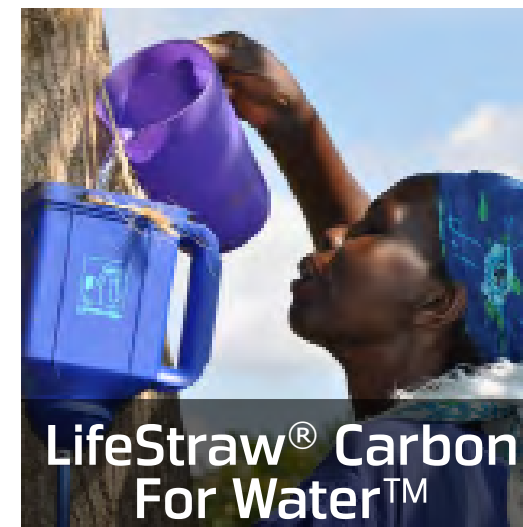
LifeStraw® water filters remove disease causing pathogens that are major causes of waterborne diseases such as cholera, typhoid, and diarrhea in the developing world, enabling people to access safe drinking water. LifeStraw® technologies have been distributed to more than 64 countries where they are a vital tool for some of the 780 million people who don't have ready access to safe drinking water. LifeStraw® products are easy to use, and require no electricity, batteries or replacement parts. The personal version is ideal for out-of home use by hikers, campers or people displaced by natural disasters. LifeStraw® Family, used in homes, provides an average family of five with safe water for at least three years. LifeStraw® Community is designed for schools, health facilities and institutions where it will deliver an estimated 70,000 to 100,000 litres of safe drinking water over its lifetime.



ZeroFly® is an advanced reduced residue defence against insect pests for livestock and crop protection prior, during and post-harvest. ZeroFly® products help maximize food yield and increase food security. ZeroFly® Livestock is an advanced insecticide-incorporated screen that keeps livestock healthy and productive by reducing the impact of nuisance and biting flies (such as often deadly tsetse flies). It provides consistent, sustained long-lasting control by continuously refreshing insecticide at the surface of the yarns, and is easy to install and maintain. ZeroFly® Storage Bags are the first insecticide-incorporated storage bags that prevent damaging pest infestations. They reduce post-harvest losses which can be as high as 20% in Sub-Saharan Africa. The bags provide consistent, sustained, long-lasting control by continuously refreshing insecticide at the surface of the yarns.



CarePack® is an integrated prevention campaign that bundles health tools given away for free as an incentive for mass HIV testing. In 2008, Vestergaard partnered with the Kenyan government to initiate a CarePack® campaign including HIV testing and counseling, water filters to fight diarrheal disease, bed nets to combat malaria, and condoms for safe sex. People who tested positive for HIV were referred for further treatment. The campaign reached nearly 41,000 people in seven days—80.27% of the target population—exceeding universal access targets for HIV testing, clean water, and anti-malarial bed net coverage. A third-party study proved that a scaled up version of CarePack® targeting a similar group has the potential to avert 16 deaths for each 1,000 participants.



LifeStraw® Carbon for Water™, launched in 2011, provides LifeStraw® Family water filters to over 90% of households in Western Province, Kenya, reaching 4.5 million people with sustainable access to safe drinking water. The program earns carbon credits because the LifeStraw® Family eliminates the need to boil water for treatment. It thereby reduces current and future emissions that arise from the practice of burning wood to boil water. Vestergaard earns carbon credits, which it sells to companies, then reinvests the money to sustain the program. LifeStraw® Carbon for Water™ is the largest private sector funded household level water treatment program in the developing world. Its self-financing model links profit intrinsically to performance and overcomes challenges of sustaining public health programs with limited public sector funds.

Making an Impact Since 1957

1957

Denmark farmer Kaj Vestergaard Frandsen starts a company weaving nylon fabric for work wear.

1968

Kaj's son Torben joins the family business.

1986

Torben buys surplus wool cloth and has it made into blankets sold to the Red Cross and Save the Children.

1993

Torben's son and current CEO Mikkel joins the company.

1993

Vestergaard develops tsetse fly traps to catch vectors that carry sleeping sickness.

1994

Vestergaard's blankets are used extensively at refugee camps following the Rwandan genocide.

1994

The company begins to sell mosquito bed nets.



1996

Vestergaard creates a plastic pipe with a filter to strain out Guinea worm larva (and prevent Guinea worm disease) for The Carter Center.

1997

Mikkel assumes leadership of Vestergaard. He sells the work uniform operations to focus entirely on the humanitarian business.

1999

Tsetse fly technology leads to the launch of the game-changing PermaNet® bed net, one of the first long-lasting insecticidal bed nets.



2001

The company expands its humanitarian offerings, selling plastic sheeting as temporary shelter following crises.

2004

PermaNet® 2.0 receives WHOPE interim recommendation.

2005

The company headquarters is moved to Lausanne, Switzerland.



2005

PermaNet® 3.0 is introduced as the first combination bed net with increased efficacy against malaria vectors resistant to current insecticides.

2005

The personal version of the LifeStraw® water filter is introduced. It's named by Time magazine as the "Best Invention of the Year."

2008

LifeStraw® Family is introduced to purify water in homes of people in developing countries.

2008

CarePack®, an integrated prevention campaign, is launched in Kenya. Nearly 41,000 people are tested for HIV and receive public health tools for free.



2008

PermaNet® bed net production is scaled up to meet heavy demand. Vestergaard produces its 175 millionth net.

2009

LifeStraw® is distributed to victims after the Haiti earthquake and Pakistan floods.

2011

LifeStraw® Carbon for Water™ campaign uses carbon financing to provide 4.5 million people in Kenya with sustainable access to safe drinking water.



Making An Impact In 2012



Vestergaard supports the launch of IR Mapper which tracks insecticide resistance in more than 50 countries.



A Zambia study shows that advanced water filters and safe storage in households with HIV positive mothers reduces the prevalence of diarrhea by more than half.



Mikkel Vestergaard Frandsen joins leading CEOs who call on countries to lift travel restrictions for people living with HIV.



In-kind contributions to The Carter Center reach \$1 million, contributing to the near eradication of Guinea worm disease.



Over four million PermaNet® 3.0 bed nets are distributed to fight the increasing problem of insecticide resistance.



More than 2 million tons of CO₂ emissions are avoided as a result of the LifeStraw® Carbon for Water™ program.



New research proves that a scaled-up CarePack® campaign targeting a similar group of people has the potential to avert 16 deaths for each 1,000 participants.



4.5 million Kenyans have safe drinking water in their homes following launch of the LifeStraw® Carbon for Water™ campaign.



Over a half billion people have been protected by PermaNet® bed nets.

Corporate Social Responsibility

Improving Global Health

As a humanitarian enterprise, corporate social responsibility permeates Vestergaard's day-to-day operations and guides its long-term plans. The company devotes a substantial amount of time and financial resources to find solutions to improve global health. Here are highlights of such activity in 2012.

IR Mapper

The emerging and rapid spread of insecticide resistance threatens the utility of current bed nets in areas where the threat is high. Up-to-date information on insecticide resistance will guide the deployment of insecticidal tools to ensure that the right tool is used in the right place at the right time. In 2012, Vestergaard supported the launch of IR Mapper (in beta test), an online tool to do just that. It consolidates publically available insecticide resistance data and segments it by country. The interactive map will have a full scale launch in 2013.



mHealth Monitoring

Vestergaard was the first, and continues to support work by Oxford University researchers to set up robust electronic and mobile systems to monitor health data in Western Kenya. This enables the Kenyan Ministry of Health to strengthen pathways of care such as ensuring proper administration of treatment regimens, improving patient follow-up, strengthening referral systems, and tracking patient health trends. The work is currently being scaled up by other donors with a goal of becoming countrywide. Other countries will also be able to adapt the technology.



Furthering African Science

At the end of 2011, Vestergaard funded a research facility within the Noguchi Memorial Institute of Medical Research at the University of Ghana. In 2012, Vestergaard has continued to develop a highly active collaborative relationship with the researchers at the University of Ghana and other academic institutions. The research center has broadened its focus beyond mosquitoes and flies (its original mission) to include research on the impact of store product pests such as beetles and weevils, which contribute to food security challenges. The center has also become a valuable training ground for students and a resource in West Africa, enabling partners like the Ghanaian National Malaria Control Programme and the President's Malaria Initiative to benefit from its state-of-the-art facilities.

Partnerships

Vestergaard has led the private sector in fostering meaningful dialogue with influential partners and stakeholders including governments, donor groups and non-government organizations. The company works hand-in-hand with these groups to further the development of policies, procedures and scientific advances that can improve the plight of vulnerable people around the world.

- Vestergaard worked with the Nigerian Institute of Medical Research to launch the Society for Mosquito Control in Nigeria.
- The company co-hosted a meeting at the International AIDS Society's 2012 Symposium in conjunction with the University of California San Francisco and the National Institute on Drug Abuse to present evidence and open a dialogue about the impact of integrated prevention health campaigns.
- Vestergaard served as a resource, contributing expertise to the World Health Organization, for its meeting on neglected tropical diseases in Puducherry, India.
- Mikkel Vestergaard Frandsen contributes to several organizations: Mikkel is the chairman of Roll Back Malaria's finance and performance committee, he is a member of the board of directors of the International Union Against Tuberculosis and Lung Disease, serves on the board of the Global Alliance for Improved Nutrition (GAIN) in America, and is a member of the Merck For Mothers advisory board.



Corporate Social Responsibility

UN Global Compact Update

Vestergaard upholds an unwavering commitment to be a responsible corporate citizen by adhering to the principles set forth by the United Nations Global Compact, which the company has been a member of since 2006.

Vestergaard's Business Conduct Principles govern how the company and its employees conduct their professional affairs. These principles mirror the United Nations Global Compact principles in the areas of human rights, labor, environment and anti-corruption.

An Internal Compliance Council headed by a dedicated Chief Compliance Officer ensures that the Business Conduct Principles are being adhered to. The Council continuously defines and implements appropriate internal and external controls and provides regular reports to the Board of Directors.

Employee Diversity

In 2012, Vestergaard maintained a multi-cultural and multi-disciplinary workforce. Two thirds of the company's jobs were held by citizens of developing countries.

Anti-Corruption

Vestergaard does not tolerate bribery, kickbacks, or influence peddling in any of its operations, and is committed to taking swift action against any business associates who act in any corrupt manner. Vestergaard's contracts with business agents are written to yield maximum transparency. During its meetings, the company's Internal Compliance Council reviews any suspected violations of the Business Conduct Principles.

Supply Chain Management

In 2012, Vestergaard established a robust new Responsible Supply Chain unit, reporting directly to the Chief Supply Chain Officer. The company is implementing a tighter Responsible Supply Chain Management System which includes a risk assessment tool to help prioritize how to engage with suppliers throughout the supply chain. A variety of measures to ensure compliance have been initiated including regular site visits, audits to evaluate compliance, and issues tracking.

Vestergaard will only work with suppliers who are committed to its Supplier Code of Conduct. The company requires suppliers to provide

proper documentation to ensure transparency regarding the principles set forth in the Supplier Code of Conduct as a precondition for supplying to Vestergaard. The company also requires first tier suppliers to communicate the principles to their own supply chain and ensure the compliance of sub-contractors producing, processing or otherwise related to Vestergaard's supply chain. This is monitored through the company's Responsible Supply Chain Management System.

In 2012, Vestergaard conducted workshops to strengthen suppliers' overall understanding of human and labor rights and environmental stewardship. More than 150 employees at Vestergaard's suppliers participated in the training, and more workshops are scheduled in 2013.

At the request of Vestergaard, the company's main supplier took several actions in 2012 to ensure Responsible Supply Chain (RSC) compliance. This included establishment of an RSC committee, training in RSC activities and establishment of auditing at its facilities to ensure compliance.

Occupational Safety

Vestergaard supports key suppliers in implementing accident prevention measures with regard to equipment, safety management and personal behavior in the workplace. Suppliers work to ensure that there are no toxic fumes, and that the product production lifecycle is handled in the most efficient, environmentally responsible and safe manner. Equipment is inspected for safe and efficient operations and training is regularly conducted on workplace safety.

Environmental Stewardship

In 2012, Vestergaard initiated a series of eco-friendly measures:

- **Water Savings:** A system to reduce the amount of water used in the testing process for the company's water filters has saved approximately 1,500 tons of water.
- **Material and Chemical Savings:** The cleaning procedure has been optimized to reduce use of the chemical Chloramine. Wiping paper usage has been reduced by 30 percent and disposable rubber glove usage has been reduced by up to 40 percent.
- **Greener IT:** Vestergaard outsources its server hosting only to green data centers and sources most of its equipment from HP, which is at the top of Greenpeace's "Guide to Greener Electronics" list.
- **Greener Travel:** Videoconferencing equipment was provided to all offices in 2011 to reduce international travel in 2012 and beyond.

Corporate Social Responsibility

Philanthropy

Vestergaard continuously provides financial and in-kind support to worthy causes around the globe. In 2012, corporate giving remained strong.



- Sponsored school program about safe water run by the Children's Environmental Literacy Foundation.
- Donated PermaNet® bed nets to countries and organizations around the world to support World Malaria Day events.
- Provided LifeStraw® Family water filters for World Vision's user acceptability studies in Mozambique, Zimbabwe and Malawi; served families after the study.
- Sponsored Global Health Coalition conference "The Road to Malaria Elimination 2020 – Investment and Beyond" in Johannesburg.
- Donated LifeStraw® water filters and PermaNet® bed nets for distribution as part of the Kingsley Holgate Rift Valley Expedition.

- Donated PermaNet® bed nets and curtains to Guinness Ghana Breweries for its health awareness week in Ghana.
- Partnered with Infanta Malaria Prevention Foundation, the Equatorial Coca-Cola Bottling Company and ERD to provide PermaNet® bed nets to a community in Accra, Ghana.
- Donated LifeStraw® Family water filters to STEPS OVC program in Zambia.
- Partnered with Addonai Community to distribute LifeStraw® Family water filters and provide training for community volunteers in four communities in northern Ghana.
- Donated PermaNet® 2.0 bed nets to Buy-A-Net campaign in Uganda.
- Sponsored Malaria No More campaign with actress/singer Katharine McPhee to build a school and donate PermaNet® bed nets in Burkina Faso.



- Donated PermaNet® 2.0 bed nets to Rajendra Memorial Research Institute of Medical Sciences in India.
- Supported malaria education campaign for school children produced by the Kingsley Holgate Rift Valley Expedition and Johns Hopkins University.
- Donated LifeStraw® Family water filters to HIV/AIDS workshop run by the Alliance Burundaise Contre le SIDA in Burundi.
- Provided water tanks to communities in the north section of Kenya's Western Province for emergency relief after floods.
- In-kind donations to The Carter Center for its Guinea Worm Eradication Program reached \$1,000,000.
- Sponsored a secondary school scholarship program for students with the highest grades in Kakamega, Kenya.
- Trained the Emusanda Health Centre's management to be able to run the health center Vestergaard has funded since 2009.

- Donated LifeStraw® Family water filters to the Zambia Ministry of Health for a typhoid/cholera outbreak in Mufulira.
- Sponsored an educational program for technical staff of the Ministry of Health in Ethiopia.
- Donated PermaNet® 2.0 bed nets to the first Rwandan malaria conference on insecticide resistance.
- Donated LifeStraw® Family water filters to the University of Washington for delayed disease progression study.
- Donated PermaNet® 2.0 bed nets to Anjuman Masjid in India.
- Served on advisory council to develop new structure for the Ghana Business Coalition for Employee Well-being program.





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