



Strengthening Humanitarian Entrepreneurship in 2013

From our CEO



Nelson Mandela once said, “What counts in life is not the mere fact that we have lived it. It is what difference we have made to the lives of others that will determine the significance of the life we lead.”

His words. Our aspiration.

At the essence of our company, our DNA if you will, is our mission to make a difference by positively impacting the lives of the disadvantaged people we serve. As such, we operate according to a humanitarian entrepreneurship business model where doing good is good business.

From Innovation to Impact

In 2013, Vestergaard reached many exceptional milestones. We could proudly claim that more than one billion people have benefited from our best-selling PermaNet® bed nets.

From 1996-2013, we supplied more than 23 million LifeStraw® Guinea Worm filters to The Carter Center’s Guinea Worm Eradication Program. This contributed to the near-eradication of a disease which afflicted 3.5 million people in 1986 but only had 148 cases last year.



In 2013 we further supported our mission to help decrease waterborne illnesses with the introduction of two new LifeStraw® water filters: the high-volume LifeStraw® Community for schools and institutional settings and LifeStraw® Go, a refillable water bottle.

Our up-and-coming ZeroFly® product line was tested and retested extensively in the field with excellent efficacy results. ZeroFly® Livestock, an insecticide-incorporated screen that protects livestock from debilitating flies and ZeroFly® Storage Bag, which protects post-harvest commodities from pest infestations, will both be launched broadly, fulfilling previously unmet food security needs in developing countries.

Leadership Initiatives

As part of our ongoing commitment to lead and innovate, we continued to tackle tough global health challenges in ways that extended beyond the products we sell. We launched IR Mapper, an online tool which tracks insecticide resistance. It has been extremely valuable in helping malaria control programs determine which malaria prevention tools are most effective for specific areas.

We continued to identify alternative ways to finance public health programs in the face of limited public aid. Our LifeStraw® Carbon for Water program in Kenya’s Western Province is providing 4.5 million residents with sustainable access to safe water through a unique carbon financing program.

We developed a cause marketing program, “Follow the Liters,” to harness the power of consumers to support public health initiatives. Through this program, for every LifeStraw® purchased by a consumer, one child in Africa receives clean water for an entire school year.

Internal Enhancements

On the corporate front, 2013 was a transformative year for Vestergaard. At the start of the year, we restructured into two highly focused business units. A water unit was formed as a home for all of our LifeStraw® products and a vector unit created for PermaNet® technologies and ZeroFly® food security products.



In 2013 we also reinforced our already robust research and development profile by opening a new water lab. We added procedures and processes internally as well, raising the bar even higher, to strengthen our profile as a transparent business that acts with integrity.

Looking forward, we have a solid product portfolio which will be enhanced by new products in the pipeline, an unwavering commitment to industry leadership, transparency and integrity, and an internal structure to help us thrive in the future. As the post-2015 global development agenda is formalized, Vestergaard will be ready to support it while also continuing along our path — our aspiration — to continue to make a difference for the most vulnerable people on our planet.

Over the next few pages, enjoy updates on our 2013 activities including a status report on initiatives related to the United Nations Global Compact, which we have been a member of since 2006.



PermaNet®. Reducing malaria and vector-borne diseases.

Malaria kills a child every 60 seconds and claims more than 660,000 annual deaths. Long-lasting insecticidal nets (LLINs) can reduce deaths from malaria in children by one-fifth and malaria episodes by one-half. PermaNet® is the leading LLIN, and more than one billion people have benefited from the best-selling PermaNet® 2.0 net and PermaNet® 3.0, the first insecticide-synergist combination net to tackle metabolic resistance to the insecticides used in bed nets.

Advantages

- Most tested LLIN brand
- Superior technology = slow release of the insecticide
- Lasts at least 3 years without the need to re-treat
- Meets the highest standards for efficacy including WHO recommendation

- Rigorous development process drives quality and efficacy
- Designed to meet the evolving challenges faced by vector control programs

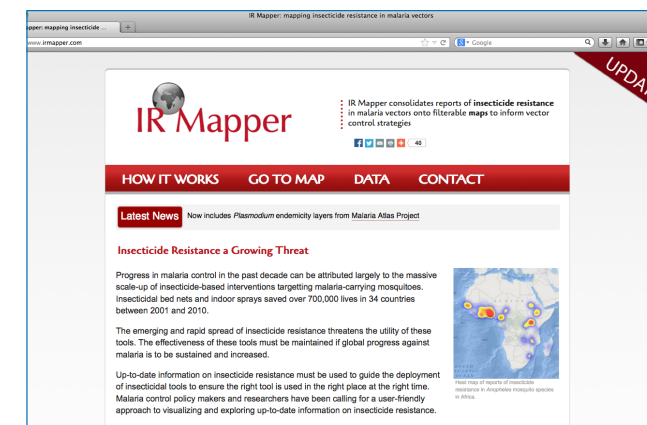
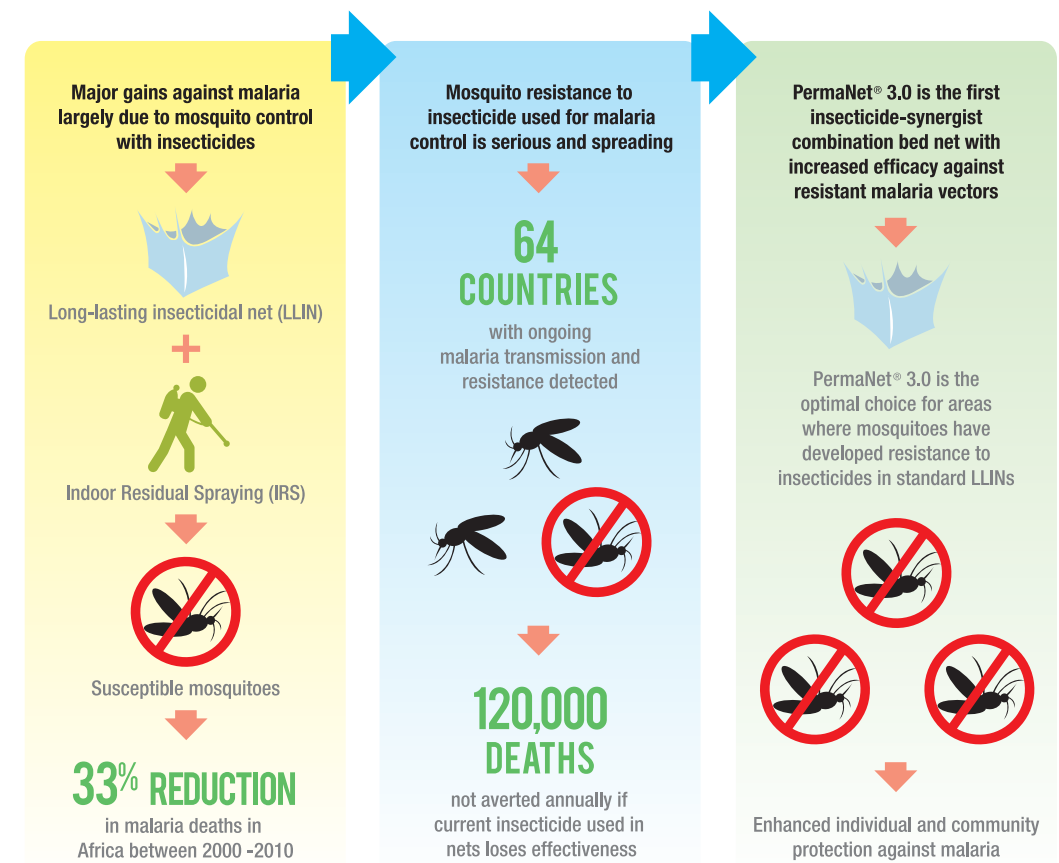
Providing support to the industry

Vestergaard provided sponsorship and support to launch the Pan-African Mosquito Control Association, which promotes harmonized strategies for mosquito control and research.

Capitalizing on the power of partnerships, Vestergaard donated US\$50,000 to Malaria No More to support malaria control efforts. This included a much-needed supply of 10,000 nets to an orphanage, school and clinics in Burkina Faso.

Leading the fight against insecticide resistance

Insecticide resistance will have significant operational impact if no pre-emptive action is taken.



Vestergaard launched IR Mapper, an online tool that maps insecticide resistance, created in collaboration with the Kenya Medical Research Institute and Esri, a leading GIS mapping software manufacturer. IR Mapper can be used to guide deployment of the most effective insecticidal tools for each area.

PermaNet® 
by VESTERGAARD



Lifestraw®. Providing access to safe drinking water.

Nearly 780 million people don't have access to clean water. Drinking contaminated water causes serious diseases such as cholera, typhoid and diarrhea in the developing world. LifeStraw® removes pathogens that cause waterborne diseases. All LifeStraw® filters are made of durable plastic and don't require electrical power.

LifeStraw® has been field tested in harsh environments and has been vigorously tested in the laboratory where it has exceeded US EPA requirements for household water treatments. LifeStraw® Family and Community meet World Health Organization standards for the "Highly Protective" category of safe drinking water.



LifeStraw®
for individual use



LifeStraw® Community
for institutional settings



LifeStraw® Family
used in homes



LifeStraw® Go
refillable bottle

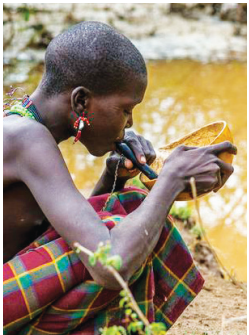
Harnessing the power of consumers to make an impact

Each consumer purchase of a LifeStraw® filter provides one school child in Africa with clean water for an entire school year. Consumers can track the impact of their purchases at FollowtheLiters.com. With this ongoing commitment, consumer purchases continually support Vestergaard's core business of producing and deploying products that improve the lives of vulnerable people.

Follow
the
LITERS



Reducing waterborne illness



From 1997-2013, Vestergaard supplied more than 23 million LifeStraw® Guinea Worm filters to The Carter Center. Guinea worm disease decreased from 3.5 million cases in 1986 to near eradication with only 148 cases in 2013.



Vestergaard worked with humanitarian partners responding to the devastation caused by Super Typhoon Haiyan in the Philippines by donating LifeStraw® filters to 16,000 displaced families.

LifeStraw® Carbon for Water, launched in 2011 and funded with carbon financing, continues to provide safe water to four million people in Kenya's Western Province with LifeStraw® Family filters.

LifeStraw®
by VESTERGAARD





ZeroFly®. Improving food security.

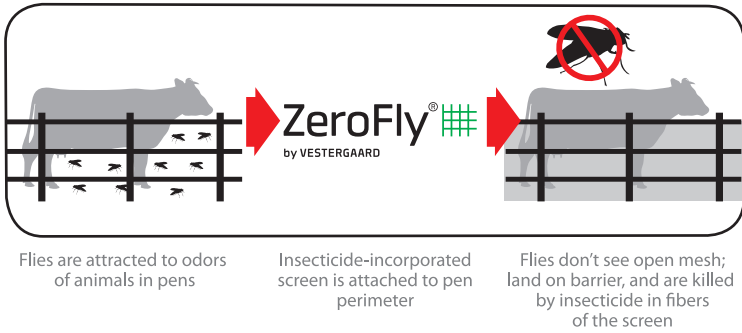
ZeroFly® products support smallholder farmers who are producing most of the food for the two billion people in developing countries.

ZeroFly® 
Livestock | by VESTERGAARD

In many areas, maintaining healthy livestock is a major challenge. Flies, in particular, are highly debilitating. Biting flies can irritate farm animals enough to significantly decrease their productivity and cause weight loss. More dangerous species, such as tsetse flies, can infect livestock with deadly disease.

ZeroFly® Livestock is the first insecticide-incorporated screen that keeps livestock healthy and productive by reducing the impact of flies.

How it Works



Studies show flies travel at low levels and will land on the fabric when approaching the animal shelters.

ZeroFly® 
Targets & Traps | by VESTERGAARD

For more than 15 years, Vestergaard has been developing various forms and sizes of insecticide-treated targets and traps that catch and/or kill tsetse flies, vectors of sleeping sickness. This deadly disease affects both humans and animals, and is particularly severe in parts of sub-Saharan Africa with 60% of cases of human disease found in DRC. Cost-effective implementation of tsetse fly targets and traps has presented a major limitation to control programs due to their large size.



In 2013, Vestergaard was approached to partner with the Liverpool School of Tropical Medicine and International Relief and Development groups to overcome this problem. The team, funded by the Gates Foundation, developed tiny targets that retain a high level

of efficacy, but in a smaller target that is much more cost effective to ship and deliver. Field results demonstrating the impact of the tiny targets have been very promising and the Gates Foundation has approved funding for a second phase of the program. The team will work integrally with the WHO Elimination Program.



Photos courtesy of J. Esterhuizen

Supporting food security research

In the Democratic Republic of Congo, where instances of human and animal sleeping sickness are extremely high, Vestergaard is supporting a pilot program under the Clinton Initiative to increase livestock productivity by using ZeroFly® Livestock screen. Vestergaard has funded a pilot evaluating the product impact on three key pillars impacting Food Security & Health: reduction in tsetse flies that vector both human and animal disease; reduction in incidence of disease including improved animal health and reduction in veterinary costs; and increased productivity. Early trends in the pilot indicate a significant and positive impact of ZeroFly® Livestock screen on all parameters.

In Costa Rica, large outbreaks of flies are causing serious negative economic and welfare issues for the cattle farming industry. Vestergaard is working closely with the Laboratory of Plant Protection within the Department of Investigation and Innovation in Costa Rica and the United States Department of Agriculture to support scientists investigating practical solutions to control biting flies.

ZeroFly® Livestock was donated to several large dairy cooperatives in Indonesia and Kenya, which served as demonstration farms. The milk yield of the animals increased dramatically by approximately 1 liter/cow/day in both countries.

Vestergaard has provided funding to support an MSc Student (Graduate Research Assistant) at Oklahoma State University, who will examine new technologies to improve post-harvest storage in developing countries.





United Nations Global Compact Update.

Vestergaard has been a member of the United Nations Global Compact since 2006. We maintain a steadfast commitment to be a responsible corporate citizen by adhering to the Compact's principles and by augmenting them with our own Business Conduct Principles. Our Internal Compliance Council is in charge of ensuring that the standards for ethical behavior set forth in the Principles are adhered to. This Council reports to Vestergaard's Board of Directors.

In 2013, Vestergaard devoted considerable resources to raise the bar on the company's compliance and corporate responsibility profile. We incorporated comprehensive new procedures, measurements and

audits to ensure that the company is accountable and transparent and that it acts with the highest level of responsibility. Here are highlights of this activity.

Strengthening Anti-Corruption Practices

Over the past years, Vestergaard has continually improved anti-bribery and corruption measures, and taken the lead to enhance business ethics within the bed net industry. In 2013 we augmented our internal controls even further, with a focus on the control of third parties such as agents partnering with Vestergaard, as well as on strengthening reporting mechanisms through an external, confidential whistle blower hotline.

Fortifying our Responsible Supply Chain

Following encouragement from Vestergaard, in 2013, our main supplier assigned two full time responsible supply chain (RSC) auditors who manage auditing and follow-up corrective actions throughout the network of sub-contractors.

Additionally, a team of nine supervisors from Vestergaard, who had focused only on quality and planning monitoring, and who have daily contact with sub-contractors, were trained in RSC fundamental and basic auditing skills. They now can discuss RSC issues (e.g., corrective action plans, listening to suppliers' initiatives and suggestions, etc.) on a more frequent basis with sub-contractors and Vestergaard's main supplier's management board.

Audits

- Vestergaard has adopted the Fair Labor Association's Sustainable Compliance Initiative methodology which advances workers' rights by encouraging progressive and sustained improvements in employment practices and working conditions. From September to December, RSC audits following this methodology were conducted with about 80 percent of our main supplier's sub-contractors.
- Monthly safety behavior visits have been introduced where Vestergaard's Supply Chain Chief Officer walks through important manufacturing sites together with a management team member of the partner. Commitment is gained from managers and employees to follow

safe workplace practices and ensure environmentally sound operations.

- Fourteen fire safety inspections at high risk contractor sites were implemented in addition to the local authorities' inspections. Discussion sessions were conducted with workshop managers to enhance their understanding of fire safety measures.



Training

- A major training workshop for RSC associates, site owners and managers of Vestergaard's supplier companies was conducted. Posters and informational material were distributed to keep the awareness level high.
- Other training topics focused on consequences of using child labor; transparency and business integrity best practices; and protective person equipment (PPE) safety for various factory manufacturing functions (e.g., heat-settings, how to work with insecticides, etc.).
- Initial training for Vestergaard's main supplier's supervisors on how to implement an environmental health and safety (EHS) audit at sub-contractor sites was initiated. Plans are underway to train sub-contractors directly in 2014.



Improving Occupational Safety and Productivity

- In February, a new water lab with modern and world class facilities was opened in Hanoi, Vietnam. It meets requirements on work efficiency as well as strict requirements of international standards.
- A more robust EHS monitoring scheme was set up at Vestergaard’s water and chemicals labs.
- In 2013, we have been implementing and maintaining 5S and Green programs at our water lab to standardize and organize a more professional and environmentally responsible workplace. This has resulted in increased efficiency, enhanced employee satisfaction and reduced negative environmental impact.
- Vestergaard’s cut-and-sew suppliers have installed thousands of sewing machine safe guards to eliminate finger injuries which affected about 10% of workers



every month. The new guards have reduced the number of injured cases to nearly zero and have increased worker satisfaction and productivity.

- Vestergaard funded the replacement of ineffective and uncomfortable respirator protector masks used by workers on the bed net impregnation line. The company also set up chemical safety training, including preparing training materials, training the trainers and running various chemical safety training workshops. Two months after the training, usage of PPE equipment increased from zero percent usage for gloves and masks to 80-100% usage. This resulted in increased efficiency, enhanced employee safety and reduced negative environmental impact.



Expanding Environmentally Responsible Practices

- Vestergaard has advocated for its supplier network to use bio-fuels in place of fossil fuels used for high energy consumption processes such as heat-setting, impregnation and dyeing. In 2013, almost all Vestergaard suppliers switched to bio-fuel (e.g., sawdust pellets, wood and bamboo pulp, cashew nutshells, etc.). The long-term goal is to convert to 100% usage of bio-fuel for operations which are suitable to operate on such fuel.



Dry Bamboo Pulp



Sawdust Pellets

- Vestergaard sources dyestuffs and auxiliaries only from suppliers who support the Joint Roadmap to Zero Discharge of Hazardous Chemicals by adapting to less waste water and less energy consuming dyeing technologies. At the same time we are working on solutions to reduce waste water significantly during the dyeing process.
- Along with our main supplier, we are implementing an internal Environment Aspect and Impact Assessment to bring a systematic and sustained approach to environmental protection at manufacturing facilities. We are also working with the Hanoi School of Public Health, Environmental and Occupational Health to plan training courses, including courses which will be conducted at factories in 2014.
- A team comprised of representatives from Vestergaard and our main supplier is working on solutions to minimize water consumption and energy usage at the heat-set, which is one process in PermaNet® production that ensures the durability and stability of the net but which uses significant water and energy consumption.
- Vestergaard has been exploring environmentally friendly alternatives to the plastic bags currently used for PermaNet® packaging. These include the viability of using a bio-degradable paper bag, developing a plastic bag which would meet standards to be certified as bio-degradable, and trying to develop a way to vacuum pack the nets to optimize the quantity of nets per container.

Green practices applied in tandem with the 5S system have resulted in significant savings:

- **40%** of gloves by optimization of testing procedures
- **50%** of tissue paper and **70%** of roll paper by using reusable wipes whenever applicable
- More than **30%** of daily city tap water consumption through optimization of testing processes
- **10%** of daily power consumption through optimization of the number of light bulbs in use and usage times of batch equipment such as autoclaves, washing machine and glassware drying chambers

Philanthropy

Vestergaard regularly offers financial and in-kind support to worthy organizations and events to help alleviate global health problems. Here are examples of corporate giving in 2013.

- Donated LifeStraw® Family filters to 16,000 families displaced by Super Typhoon Haiyan in the Philippines.
- Donated US\$50,000 to support Malaria No More’s efforts to end malaria deaths.
- Donated ZeroFly® Storage Bags to support the World Food Programme’s initiative in Burkina Faso and Uganda aimed at finding solutions to the food loss problem in Africa.
- Donated LifeStraw® Community filters and PermaNet® bed nets to poor schools in Dien Bien in Vietnam.
- Provided support to launch the Pan African Mosquito Control Association, including a US\$1,000 sponsorship.
- Donated 5,500 meters of ZeroFly® Livestock screen for a study investigating control of outdoor biting malaria vectors in the Solomon Islands run by Eck Institute for Global Health, University of Notre Dame, James Cook University, Centers for Disease Control and Prevention and Intellectual Ventures Laboratory.
- Donated 25 LifeStraw® filters to an IMA program in Democratic Republic of the Congo.
- Donated 5,000 PermaNet® 2.0 nets for a durability study in Tanzania run by Ifakara Health Institute, National Institute for Medical Research in Tanzania, London School of Hygiene & Tropical Medicine and Norwegian University of Life Sciences.
- Donated LifeStraw® water filters and PermaNet® bed nets for distribution as part of the Kingsley Holgate Rift Valley Expedition.
- Sponsored a secondary school scholarship program for students in Kakamega, Kenya.
- Launched the LifeStraw® cause platform which raised enough money to donate more than 650 LifeStraw® Community water filters to schools in Africa’s Western Province during the second half of 2013.
- Donated 5,000 PermaNet® 2.0 nets to a school, orphanage and clinics around Burkina Faso.
- Donated LifeStraw® Guinea Worm filters to The Carter Center for use in Ethiopia and South Sudan.
- Donated ZeroFly® Livestock screen to several large dairy cooperatives in Indonesia and Kenya.
- Distributed LifeStraw® Family filters for programs in Tanzania, Uganda, Nigeria, Ivory Coast and Zambia to deliver safe drinking water to people living with HIV.
- Donated 3,000 PermaNet® 3.0 nets for a durability study in Benin run by Medical Care Development, Int’l., Center for Research and Education in Communication, and the Centers for Disease Control and Prevention.
- Helped prepare and provided partial funding for the Water Institute’s Household Water Treatment & Safe Storage Workshop held in April in Ethiopia.
- Provided funding to support an MSc Student (Graduate Research Assistant) at Oklahoma State University, who will examine new technologies to improve post-harvest storage in developing countries.
- Donated LifeStraw® Community filters to World Vision for use in Zambia and Chad.

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