



Corporate Social Responsibility 2014

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Message From Our CEO

To survive and thrive in
a space dominated by
public health entities,
we've had to work smart

As one of a few private companies innovating products for people in developing countries, Vestergaard often finds itself in uncharted territory. But we're in this for the long haul, and we know that to survive and thrive in a space dominated by public health entities, we have to push ourselves to work harder and smarter. We've also challenged the status quo when we believed in a better way forward. In 2014, our efforts were rewarded by several milestones.

- The World Health Organization's Vector Control Advisory Group approved our PermaNet® 3.0 claim that, as a "first in class" product, it has enhanced efficacy in areas where resistance to the traditional insecticide used in bed nets is high. This gives malaria fighters globally a technologically advanced option to combat the growing problem of insecticide resistance.

- The Carter Center announced that Guinea worm disease is on track to be the second human disease ever eradicated. In 1986, 3.5 million people suffered from Guinea worm disease; in 2014 only 126 cases were reported. The cornerstone of this eradication program is a water filter. Vestergaard has supplied more than 37 million Guinea worm water filters to the Carter Center's eradication program, which has contributed to this enormous feat.

- We distributed over 1,600 LifeStraw® Community water purifiers to provide 157,000 students in Kenya with safe water as a result of our LifeStraw® Follow the Liters program. Through this initiative, for each consumer purchase of a LifeStraw® product, one school child in a developing country receives clean water for an entire year. With strong consumer sales, we now have the foundation to expand the program to more schools in Kenya, China, India and Mexico in the future.

- Our new food security product line, which includes ZeroFly® Screens and ZeroFly® Storage Bags, received national regulatory approval for sales in countries throughout Africa. Both of these products offer new and improved ways to protect livestock and post-harvest crops from harmful insects which will enhance food security in developing countries.

- We continued to strengthen our compliance profile and responsible supply chain. Policies and procedures were intensified and extensive training was conducted to ensure that employees and partners understand and are committed to enforcing these policies. Likewise, we've conducted training for our manufacturer and its suppliers regarding workplace safety and environmental stewardship.

I remain in awe of the talented and dedicated Vestergaard staff and the high caliber organizations we work with to achieve these meaningful milestones. Together, we will continue on our journey, regardless of how smooth or bumpy the road may be, because along the way we continue to improve the lives of the most vulnerable people on our planet.



Mikkel Vestergaard Frandsen
Owner and Chief Executive Officer

A woman wearing a green sari with red floral patterns is smiling and holding a young child. They are inside a white PermaNet mosquito net. The net is hung from the ceiling and has several rectangular openings on the right side, through which bright light is streaming. The woman is looking up at the child, who is looking towards the camera. The child is wearing a black top with a pink ruffled hem and white shorts. The woman's sari has a red border with floral patterns. The PermaNet logo is in the top left corner.

PermaNet®

by VESTERGAARD

PermaNet® serves vector control programmes with leading solutions at scale with reduced need for repeat interventions.

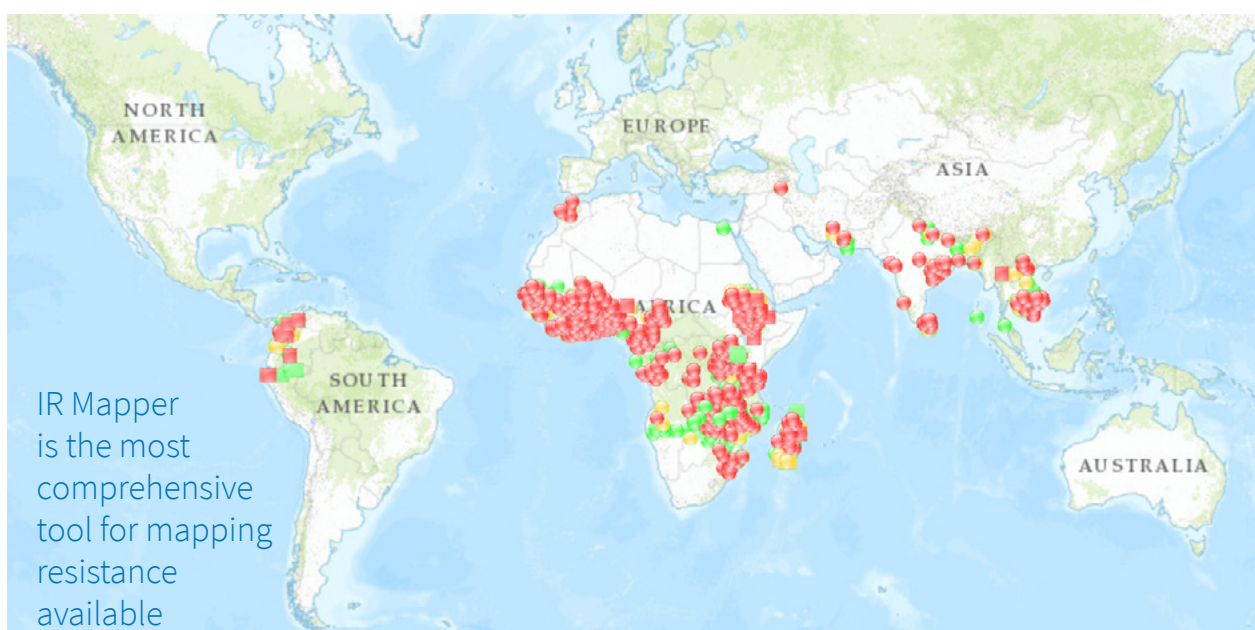
WHO Supports PermaNet® 3.0 Claim

In a major milestone for malaria prevention globally, the World Health Organization's Vector Control Advisory Group formally announced support for the PermaNet® 3.0 product claim; specifically that "relative to the currently used pyrethroid-only LLINs [long-lasting insecticidal nets], PermaNet® 3.0 has increased efficacy against malaria vectors with metabolic pyrethroid resistance." The WHO report went on to recognize PermaNet® 3.0 as a "first in class" product aimed primarily at pyrethroid-resistant vector populations. In 2012, WHO reported concern about the degree to which insecticide resistance may reduce the efficacy of LLINs, and the possibility that it will induce control failure.

"PermaNet® 3.0 has increased
efficacy against malaria
vectors with metabolic
pyrethroid resistance." (WHO)

IR Mapper Adds CDC Data

In-depth information about insecticide resistance mechanisms across Africa from the Centers for Disease Control (CDC) was added to IR Mapper, an online tool that maps insecticide resistance. The newly added CDC bottle assay data supports WHO susceptibility test data currently featured on IR Mapper. The publicly available online tool remains as the most up-to-date and comprehensive collection of information on insecticide resistance in malaria vectors available today.





Vestergaard – NMIMR Vector Labs Celebrates 3rd Anniversary

Vestergaard's state-of-the-art vector research laboratory in Ghana was officially named Vestergaard-NMIMR Vector Labs in 2014 to reflect its partnership with the Noguchi Memorial Institute for Medical Research where it resides. The high capacity insectary rears about 600,000 mosquitos each year. It enables testing of Vestergaard's vector products and research by NMIMR's Department of Parasitology, and collaborates with partners on projects ranging from mosquito biology to insecticide resistance.

PermaNet® Donations

PermaNet® 3.0 bed nets

were given to Kingsley Holgate Rift Valley Expeditions for distribution to remote tribes who may not receive nets as part of a countrywide mass campaign.

70,814 PermaNet® 2.0

bed nets were donated to ChildFund to help fight malaria in the context of the ebola epidemics in Liberia and Sierra Leone.

45,050 PermaNet® 2.0 bed

nets were given to World Vision Kenya and the Kenya Ministry of Health for distribution through health clinics in April.

Vestergaard employees

donated time as active members of advisory groups including Roll Back Malaria's Malaria Advocacy Group and CropLife International.



Making an Impact at a Kenyan School for Deaf Children

While in rural Kenya in October for implementation of the LifeStraw® Follow the Liters Program, Vestergaard staff visited one of the recipient schools, the Kakamega School for the Deaf.



The school serves over 80 elementary aged children with special disabilities, including deafness, from the surrounding region. It serves as a boarding school since many of the children are from far distances and some have been orphaned or neglected due to their disabilities. Many parents don't have money to support boarding costs and government funds are limited so the children often don't have enough food and their living conditions are sub-standard. Walls and ceilings are cracked, thin foam mattresses are badly torn and soiled, and their old and torn bed nets are not adequately preventing the children from mosquito bites when they sleep.



The Vestergaard team wanted to do something in addition to providing safe water through LifeStraw® Community to help these children...so we did.



Staff on the ground and from various global offices pooled our personal money to buy large sacks of beans, maize and other food. We also bought new foam mattresses to replace the disintegrating mattresses the children were currently sleeping on. The company donated PermaNet® 3.0 bed nets, and twelve of us spent from early afternoon until late at night hanging bed nets in the dormitories and stocking the food we'd bought.



We played with the children and laughed with them. They taught us some basic sign language and gave us special sign names. We were heart struck by their wide-eyed expressions of joy and their hand signed "thank yous" when we handed out milk and cookies and when they saw the new mattresses and nets in their rooms.

We left the school that night hot, tired and feeling more fulfilled than we had felt in a very long time.

A young boy with a joyful expression, wearing a blue school uniform with white trim, holds a clear plastic cup filled with water. The cup is held up towards the camera, showing the water level. In the background, a blue LifeStraw water filter unit is visible, along with a red container. The scene is set outdoors, possibly in a schoolyard or community area.

LifeStraw[®]

by VESTERGAARD

LifeStraw[®] prevents waterborne diseases by converting microbiologically contaminated water into safe drinking water.

LifeStraw® Follow the Liters Program Targets Kenyan Schools



The first recipients of the LifeStraw® Follow the Liters program were students in rural schools in western Kenya. In October, 1,646 high-volume LifeStraw® Community water purifiers were distributed to 301 schools where students and teachers were also taught about safe behaviors associated with water consumption, hygiene and sanitation. Now, over 157,000 school children throughout Kenya's western province have access to more than 23 million liters of safe water per year.

The distribution was made possible through the LifeStraw® Follow the Liters program which harnesses the collective power of individuals to help solve one of the world's most pressing issues – lack of access to safe drinking water. When a consumer purchases any LifeStraw® product, a portion of the funds are used to provide one school child in a developing country with safe drinking water for an entire school year.

Now, more than 157,000

school children in Kenya

have access to safe water.



The LifeStraw® Follow the Liters program enables Vestergaard to continue to connect its humanitarian mission with consumer sales. And it enables a growing population of socially minded consumers to become an active part of an important solution. Kenya is just the beginning: Vestergaard expects consumer sales to continue to support expansion of the LifeStraw® Follow the Liters program into developing communities in Kenya, China, India and Mexico.



301

schools reached
in total in
western Kenya



752

hours of safe water
and health education
provided at schools



4,872

teachers received
technical training
to maintain the
units

157,975

students have now
access to 123,450 liters
of safe water a day



1,646

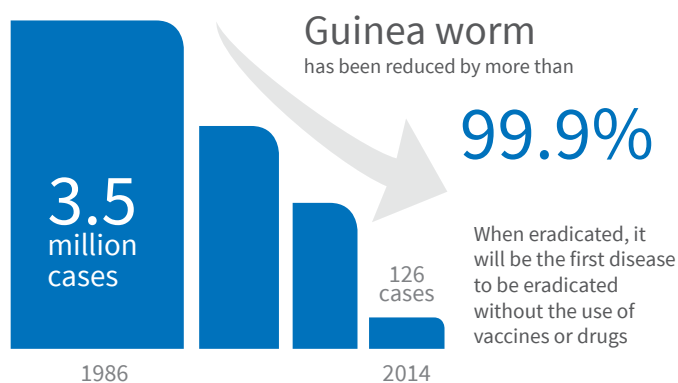
units of Lifesraw®
Community distributed



Guinea Worm Disease Nears Eradication

Water filters are essential to decrease Guinea worm disease, and Vestergaard has supplied more than 37 million LifeStraw® pipe and cloth water filters to The Carter Center's Guinea Worm Eradication Programme. The debilitating disease has experienced a dramatic decrease. In 1986, an estimated 3.5 million people in 21 countries in Africa and Asia were afflicted with Guinea worm disease. In 2014, there were 126 cases in four African countries: South Sudan, Chad, Mali and Ethiopia.

As of December 2012, the World Health Organization had certified 192 countries and territories around the world as being free of the disease. It is likely that Guinea worm disease will be the second human disease in history (after smallpox) to be completely eradicated and the first to be eradicated without the use of a vaccine. Vestergaard is proud to play an important role in providing the technology to fight this disease.



Vestergaard Water Lab Receives Quality Accreditation



In May, Vestergaard's water laboratory in Vietnam received ISO/IEC 17025 accreditation from the Bureau of Accreditation of Vietnam. This certifies that Vestergaard meets the highest standards of quality assurance in laboratory testing and product development. It also provides global recognition of the water lab and high acceptance of its test data and results.

Donations

Vestergaard pledged a donation of LifeStraw® Guinea Worm filters to The Carter Center valued at \$365,900, to be given throughout 2015 and 2016. With this pledge, Vestergaard has provided in-kind gifts and pledges valued at \$1.56 million to the Center's health programs from 1999-2016.

More than 2,200 LifeStraw® Family 1.0 water purifiers were donated to Plan International for distribution to families displaced by the typhoon that struck the Philippines toward the end of 2013.

A photograph of a woman and a young child in a rural setting. The woman, on the left, is wearing a blue headwrap and a patterned top. The child, in the center, is wearing a bright green shirt. In the background, there are large, light-colored sacks with the 'ZeroFly' logo printed on them. To the right, another person is partially visible, holding a piece of corn.

ZeroFly®

by VESTERGAARD

Zero Fly® offers a novel approach to promote food security through reduction of pests in livestock and crops.



ZeroFly® Enhances Food Security

ZeroFly® is Vestergaard's newest line of products designed to promote food security by protecting livestock and post-harvest crops from harmful insect pests. Both products offer novel approaches to tough problems and have undergone extensive testing with superior results.

Flies, ranging from annoying biting flies to more deadly tsetse flies, are highly debilitating to livestock and farmers who depend on animals for food and draught power. ZeroFly® Screen is an advanced insecticide-incorporated screen that helps farmers protect livestock from flies in a sustained and effective way. In 2014 it had national regulatory approval for sale in 14 countries.



Post-harvest loss is a major contributor to food insecurity. ZeroFly® Storage Bag tackles this problem. It is the first available insecticide incorporated storage bag that prevents damaging pest infestations. At the end of 2014, ZeroFly® Storage Bag had received national regulatory approval for sale in seven countries.



Donations

More than 100,000 square meters of ZeroFly® Screen were donated through PATTEC (Pan African Tsetse and Trypanosomiasis Eradication Campaign) for use in countries throughout Africa including Sudan, Niger, Chad, North Sudan, Ivory Coast and DRC.

ZeroFly® Storage Bags were donated to the USAID's "Feed the Future Innovation Lab for the Reduction of Post-Harvest Loss" program which aims to reduce post-harvest loss and food waste of durable staple crops.

UN Global Compact Update

As a company fully aligned with the principles set forth by the UN Global Compact, Vestergaard places the highest priority on ensuring that we act as a socially and environmentally responsible organization. In 2014 we initiated several measures to strengthen our compliance profile and our responsible supply chain. This 360-degree initiative included integration of systems, rules and regulations and intensive training for employees and partners.

Vestergaard places the
highest priority on acting
with integrity and social
responsibility.

Compliance /Anti-corruption

Vestergaard strengthened organizational standards regarding compliance and made sure that there was a clear understanding of these standards and behavioral expectations internally and across the supply chain. Activities toward this end goal included the following:

- Expanded the Business Code of Conduct and divided it into two separate documents: Business Code of Conduct and Anti-Bribery. These two documents present a specific outline of Vestergaard's policy regarding acceptable ethical practices.
- Developed a thorough, interactive presentation detailing our compliance and anti-corruption rules and expectations for employees and partners. This

interactive presentation was shared with virtually all staff on five continents (Europe, North America, Africa, Asia and South America). At the conclusion of the training sessions, a republished Responsible Supply Chain Policies document was circulated to the staff. It included specific guidelines regarding interactions with distributors and consultants. External partners were taken through a similar presentation.

- Selected one of the most respected global management firms, Ernst & Young, to assess our compliance systems. E&Y conducted comprehensive audits in June and December and their recommendations were incorporated into existing operational guidelines.

Responsible Supply Chain Management

The framework of Vestergaard's Responsible Supply Chain (RSC) and operational processes have been enhanced over the past several years. As part of this effort, a separate RSC department has been created and a new RSC Manager is joining the company in January 2015. He reports to the Chief Supply Chain Officer and the company's CEO, and works closely with other key team members as well as the

manufacturer of PermaNet® to assure successful implementation of the designated improvements in RSC and EHS (Environmental Health and Safety).

Key RSC tasks in 2014 have been aimed at sustaining manufacturing scale while assuring the highest product quality, the greatest efficiency, and environmental health and safety throughout the supply chain.



Environmental Stewardship

Vestergaard continued to implement measures that reduce the environmental impact of our operations. This is accomplished through initiatives we set into motion in 2014 and the considerable amount of time and resources we've used to plan for future programs that will reduce our carbon foot print. Here are some examples.

- Initiated development of a new process at our insecticide impregnation workshops on how to collect the waste water (effluent) and treat it with a technology that allows the insecticide to sediment with the "sand," then be safely incinerated. All workshop workers will be trained on how to safely implement this procedure.
- Developing a system to extract fumes in the impregnation shops and to clean the collected gas in a scrubber.
- Built a Mobile Lab for environmental monitoring which contains measurements for aspects of the working environment such as light, noise, temperature, humidity and chemical concentration. The Mobile Lab will be helping to detect any points that are outside of the acceptable norm so that we can take quick action to correct them.

Vestergaard implements initiatives to reduce the carbon foot print

- Applied the 5S system which is a methodology for organizing, cleaning, developing and sustaining a productive work environment that increases effectiveness and staff enthusiasm while reducing dead time and waste. The 5S system along with green practices were implemented at the Water Lab to enhance environmental protection, reduce operational costs and establish a more professional working environment with greater ownership by lab employees about protecting the environment. More than ten green ideas were generated and applied in daily working. For example:

- changing the setup of the artificial raining system in product durability testing is helping save runoff water 12 times more than the old system

- reusing the cooling water in the distilling system for cleaning the glassware is helping save 200-300 liters of water per batch and increasing the quality of cleaning

Workplace Safety

Train... Retrain...Sustain

This has been our mantra regarding workplace safety. A significant amount of training was conducted in 2014 to make sure workers at Vestergaard and at our manufacturer understand the importance of workplace safety and are implementing practices to contribute to it. We could see a clear paradigm shift toward understanding the importance of wearing face masks and protective clothing where necessary, and following environmental and workplace safety protocol.

Major initiatives in 2014 included:

- Sponsored a key manufacturer to join Better Work, a joint program between ILO and IFC. The program offers regular workshops on specific problems (e.g., child labor, fire safety in textiles, etc.), conducts audits to ensure adherence to topics learned in workshops and provides ongoing technical consultation to factory personnel. Vestergaard's manufacturer was required to share progress of the

program and it appears to have been very successful so far in identifying the gaps and development of activities to close these gaps.

- Facilitated chemical safety training for manufacturer personnel involved in impregnation and cut & sew processes, when the material contains the insecticide.

- Facilitated fire safety training for 230 personnel from the manufacturer.

- Conducted RSC audits at 44 Tier 2 cut & sew workshops.

- Improved ventilation and cooling in impregnation and heat-set workshops.

- Implemented improved PPE (personal protective equipment) regulations and trained employees in proper and sustainable usage.



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