



Corporate Social Responsibility 2015

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From our CEO



As 2015 came to an end, so did the Millennium Development Goals (MDGs), eight globally accepted targets to improve the health and well-being of people on our planet. They’d be morphed into a more comprehensive set of 17 Sustainable Development Goals (SDGs) that would guide global priorities.

As a company that combines doing good business and doing good, Vestergaard put its full support behind the MDGs over the past 15 years and it has been an incredible journey. In fact, two of the biggest achievements of the MDGs have our name on it: The fight against malaria and efforts to eradicate Guinea worm disease.

It makes perfect sense, then, for Vestergaard to use the Sustainable Development Goals as the blueprint for our future business goals. At the end of 2015 our Board of Directors endorsed the decision to begin a strategy process where we align our priorities with the SDGs. This will be a six-month process involving many staff members in exciting work, as we decide what we want our future to look like, for us, for the company and for the people we serve.

We’ve built an exciting platform to grow Vestergaard to new heights. We have strong core competencies in public health, safe drinking water and food security, and clear mandates for the way we work.

- Our technologies, products and programs will always be grounded in data driven evidence.
- We’ll put as much energy into advancing science, promoting innovative delivery mechanisms, and ensuring end user compliance as we put into product development.
- We’ll be inclusive of stakeholders, partners and end users, and favor interconnectivity over silo thinking.
- We’ll be transparent and accountable, to employees, partners and end users.

This year’s corporate responsibility report offers a snapshot of our company today, showcases our humanitarian impact, and highlights steps we’ve taken to ensure that we operate with integrity. Next year, we’ll unveil our strategic focus for the years ahead.

To partners joining us on this adventure, let’s forge onward. For everyone else who appreciates our mission, please stay tuned.

Mikkel Vestergaard
CEO
Vestergaard

Exceptional humanitarian products

Vestergaard’s bed nets, water filters and food security products can have dramatic impact – preventing life-threatening diseases and increasing agricultural outputs. With such significant outcomes at stake, we take our commitment to develop and deliver high-impact products very seriously.

The company makes heavy investments in scientific research and development to spur the creation of new products and refine current products when appropriate.

- **Vestergaard’s team of experts** involved in various aspects of product development, optimization and evidence creation includes engineers, chemists, pharmacologists and entomologists.
- **State-of-the-art research facilities** include a laboratory in Hanoi, Vietnam where vector control and water filtration products are analyzed, and the Vestergaard-NMIMR Vector Lab in Accra, Ghana, an insectary that tests our vector products.
- **Extensive field testing** is conducted by independent third parties who verify product performance and user acceptability. These are run by renowned research institutes such as the Centers for Disease Control, the London School of Hygiene and Tropical Medicine and the United States Department of Agriculture.



Strict criteria guide product development:

- Simple but technologically advanced
- Fit for the specific purpose
- Long lasting even in harsh environments
- Easy to use
- Affordable at scale

Public Health Products

Vestergaard is the largest manufacturer of insecticidal bed nets under the PermaNet® brand. More than 1.3 billion people have benefited from PermaNet® bed nets which prevent malaria. This insidious disease kills a child every 60 seconds and claims 438,000 deaths annually. PermaNet® 2.0, introduced in 2004, was the first long-lasting insecticidal net brought to scale, and PermaNet® 3.0 is the first long-lasting insecticidal net with increased efficacy against insecticide resistant mosquitoes.



Water Products

The evolution of LifeStraw® began in 1996 when Vestergaard partnered with the Carter Center to develop the LifeStraw® Guinea Worm filter which removes Guinea worm larvae from water it contaminates. LifeStraw® water filters and purifiers, which remove microbiological contaminants from water, were introduced in 2005 and have been used in 64 countries since then.

LifeStraw® products for public health include LifeStraw® Family 1.0, LifeStraw® Family 2.0 (with built-in safe storage) and LifeStraw® Community. All received top ratings in the first round of the WHO Household Water Treatment Evaluation Scheme published in 2015.



For outdoor enthusiasts and travellers LifeStraw® offers the personal LifeStraw®, LifeStraw® Go refillable water bottle, LifeStraw® Mission for large groups, and LifeStraw® Steel, the original “straw” evolved to include two-stage filtration, introduced in 2015.

Food Security Products

ZeroFly® Screens, Targets and Traps have insecticide incorporated into the screen to protect livestock from nuisance and biting flies, including tsetse flies, which transmit sleeping sickness. ZeroFly® Storage Bags incorporate insecticide into the bag to prevent pest infestations that cause post-harvest crop losses. In 2015, the Bags were the recipient of Australia’s GOOD award for innovation.

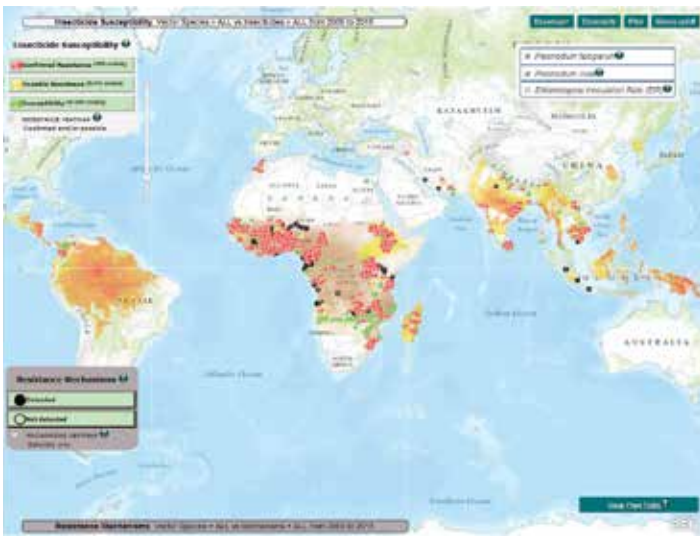


A leading edge commitment

In the arena in which we work, producing innovative products is just half the battle. We devote considerable resources to understand emerging challenges inherent to the diseases we work to prevent and to overcome barriers that slow down delivery of our products to people who desperately need them.

Furthering Scientific Knowledge

- The Vestergaard-NMIMR Vector Labs in Ghana is a partnership with the Noguchi Memorial Institute for Medical Research where it resides. The state-of-the-art insectary conducts testing of Vestergaard’s vector products and is used by NMIMR’s department of parasitology for many of their tests.
- Vestergaard’s ISO/IEC 17025 accredited water laboratory in Vietnam is dedicated to research, development and testing activities for LifeStraw® products.



- IR Mapper is a database and interactive mapping tool developed by Vestergaard in collaboration with KEMRI and ESRI, East Africa and is the most comprehensive online tool for mapping insecticide resistance in malaria vectors. It consolidates reports onto filterable maps to guide decision making for deployment of the most effective insecticidal tools in specific areas.

Piloting Innovative Financing Models

One of the biggest barriers to sustaining global health initiatives is the limited availability of public funds amongst so many competing needs. Vestergaard continually tests innovative financing models to overcome this problem. One of our current successes is the LifeStraw® Follow the Liters program. Through this initiative, for every purchase of a LifeStraw® product by a consumer in the developed world, one school child in a developing country is provided with safe water for an entire school year. This is possible because a portion of the proceeds from consumer sales is pooled to purchase and distribute high-volume LifeStraw® Community water purifiers for schools in developing communities without access to a safe water source. Since the purifiers are only purchased after the funds are collected, the distributions are guaranteed to be executed and sustained.

Increasing Speed of Delivery

Innovation is also focused on speed of delivery. Vestergaard has the capacity to quickly scale up production when necessary. We demonstrated this in 2004 when we scaled up production of PermaNet® bed nets to meet the enormous demand. By doing so, we made bed nets affordable and created a viable market for them. Vestergaard has also developed a strategic network with many local partners to ensure fast delivery of our products to in-country destinations rather than simply shipping them to the container port.



Engaging in High-Impact Partnerships

Vestergaard partners with like-minded organizations, globally and locally, on important initiatives. Some examples in 2015 follow.



- As a partner in a Gates-funded consortium working to eliminate Human African Sleeping Sickness by 2020, Vestergaard is supplying ZeroFly® Targets and Traps for vector control and participating as an implementer.
- Our partnership with Jaguar Land Rover and Climate-Care brought safe water to 300,000+ school children in Kenya in October.
- Working with the USAID Feed the Future Innovation Lab, Vestergaard is supporting a five-year project aimed at identifying ways to reduce post-harvest crop losses.



Humanitarian impact

Vestergaard has witnessed the power of business to drive humanitarian change. Here are some of our proudest accomplishments.

Contributing to Guinea Worm Eradication

In 1996 Vestergaard partnered with the Carter Center to develop a filter that could remove Guinea worm larvae from water it was contaminating. Over the past two decades we have supplied more than 37 million LifeStraw® Guinea Worm filters, and they have contributed to the near-eradication of the disease. In 1986 more than 3.5 million people suffered from Guinea worm disease. In 2015 there were only 22 cases. Once this number drops to zero, Guinea worm will be the first disease that will have been eradicated without the use of a vaccine.



Reducing Malaria Deaths

The World Health Organization (WHO) touts global malaria control as the greatest public health success of the past 15 years and malaria deaths have been reduced by 60% since 2000. Long-lasting insecticidal bed nets (LLINs) have largely been credited for this impact. They are responsible for a 68% reduction in malaria deaths in Africa where half of the population sleeps under a bed net. Over 1.3 billion people have benefited from PermaNet® bed nets. PermaNet® 2.0 was the first insecticidal bed net to be brought to scale and today it is the best-selling bed net. PermaNet® 3.0, introduced in 2007, is the only LLIN recommended by WHO for increased efficacy against insecticide resistant mosquitoes.



Accelerating HIV Testing and Treatment

CarePack® is an integrated prevention campaign that bundles health tools given away for free as an incentive for mass government HIV testing. Vestergaard partnered with the Kenyan government to initiate a CarePack® campaign which reached nearly 41,000 people in the village of Kakamega (80.27% of the target population) in seven days and exceeded universal access targets for HIV testing. To ensure that people who tested positive for HIV received ongoing treatment, Vestergaard subsequently financed the creation and staffing of the Emusanda Health Center in Kakamega.



Preventing Waterborne Disease

UNICEF Kenya has estimated that only 37% of schools have access to safe drinking water within 200 meters of school grounds. Drinking contaminated water at school causes illnesses and absences, but a comprehensive program of safe water in schools can result in a 42% reduction in absenteeism. The LifeStraw® Follow the Liters initiative provides sustainable access to safe water for school children. In November, 2015 the second Follow the Liters distribution campaign in Kenya took place. Now, some 4,500 LifeStraw® Community purifiers are providing approximately 361,000 primary school students with sustainable access to safe drinking water at school.



Enhancing Food Security

Experts believe that sleeping sickness can be eradicated. This would create an enabling environment to lift millions of people out of poverty through improved agricultural productivity. For the past 20 years, Vestergaard has been the sole supplier of long-lasting vector control tools to fight sleeping sickness, under the ZeroFly® brand. In a field test in Ghana, ZeroFly® was able to bring back pig production in areas where African Animal Trypanosomiasis (sleeping sickness) meant no livestock production was possible; in another field test in Kenya, use of ZeroFly® was credited for a 25% increase in milk yields.



A principled approach to doing business



Vestergaard continuously strives to be a business based on responsibility, transparency and integrity. The company has been a member of the UN Global Compact since 2006. We fully embrace the universal principles set forth in the Compact as they relate to human rights, labour, environment and anti-corruption.

Vestergaard’s Business Code of Conduct governs our responsible approach to doing business. The principles in this Code closely mirror the United Nations Global Compact. The company has a zero-tolerance policy regarding corruption, extortion and bribery. This is detailed in our Anti-Bribery Policy which exists in tandem with the Code of Conduct.

Compliance

All Vestergaard employees are trained to fully understand the Code of Conduct and Anti-Bribery Policy. An Internal

Compliance Council, which reports to Vestergaard’s Board of Directors, is responsible for enforcing appropriate behaviour and for defining, then implementing effective internal and external controls. Employees are encouraged to report instances where the principles have been infringed upon through an anonymous whistle-blowers system.

Responsible Supply Chain

Vestergaard’s Responsible Supply Chain management team ensures that all suppliers as well as other third-party business associates adhere to strict standards of ethical business practices as detailed in the company’s Supplier Code of Conduct. All first tier suppliers must communicate these principles to their supply chains and ensure compliance by sub-contractors related to Vestergaard’s supply chain. Supplier employee training is also conducted regularly and a formal auditing and monitoring system tracks employee behaviour to confirm compliance.

Valuing Employees

Vestergaard respects and values each employee as a treasured member of its corporate family. All employees, regardless of gender, ethnic origin, religious faith, sexual orientation or disability, are treated fairly and have the same opportunities and the same prospects. Several policies help underpin and support this mandate.

- Equal Employment Opportunities Policy
- Child Labour Policy
- Flexible Working Hours Policy
- Anti-Harassment Policy
- Maternity, Paternity, Adoption & Parental Leave

Engaging Employees

Vestergaard believes in the importance of exposing its employees to the communities the company supports. In 2015, 35 staff members from several offices travelled to rural Kenya to help with the installation of LifeStraw® water purifiers in hundreds of schools without access to a safe water source. Employees were trained on how to install the purifiers and educate students on their usage and safe water behaviours. Over one week, employees from diverse backgrounds and equally diverse job functions worked hand-in-hand. They shared long but rewarding days in the field and the joy expressed by the children and their teachers. They left Kenya with an intimate understanding of what makes Vestergaard unique, and with bonds forged with fellow employees they may not have met otherwise.

In 2015, Vestergaard maintained a multi-cultural and multi-disciplinary workforce.

- 17 nationalities were represented by the staff
- 42% of employees were women
- 67% of company jobs were held by citizens of developing countries
- Nearly half of all employees had been with the company for 5+ years

Vestergaard enjoyed excellent scores against criteria established by the International Labour Standards in 2015.

- 100% of full-time employees enjoyed ≥15 vacation days/year
- 100% of women had access to maternity programs
- 100% of subcontracted sites ruled out child labour as defined by ILO Convention 138



Protecting workers and our world

Occupational Health and Safety

Vestergaard works with suppliers to ensure that the product production lifecycle is handled in an efficient, environmentally responsible and safe manner. Enhancements in 2015 to augment workplace health and safety include the following.

- Improved working conditions at the sewing operation
by installing a dust removal system and better lighting on all sewing machines.
- Reduced heat at the extrusion workshop
by implementing a cooling piping system near the extrusion lines.
- Improved the air exhaust treatment of the impregnation machines
by installing an air exhaust piping system which treats the air through a water scrubber.
- Provided relief from extremely hot work places
by providing cooling vests for workers during the summer time.
- Improved safety conditions in the chemical warehouse
through installation of an automatic dry powder fire extinguishers system at the ceiling of the warehouse,
installation of retention areas and physical reorganization of the warehouse.
- Increased awareness of workplace safety rules
by training supplier employees on safe work practices and increasing visibility of safety signage.



Environmental Stewardship

Vestergaard continuously seeks to reduce the environmental impact of its operations. Highlights in 2015 include these activities.

- Saved water consumption of 30,000 cubic meters and energy consumption of 650 MW a year
by reducing the use of the jet dry process of white netting through (i) sourcing colored yarns for knitting colored netting and (ii) using a direct disperse dye process to color the netting during its heat setting.
- Reduced the environmental impact and costs of shipping by 30%
for PermaNet® bed nets, by optimizing the stuffing of bales of PermaNet® into containers shipped from Vietnam.
- Decreased the solid waste at extrusion process by 42%
through implementation of direct beam winding during the manufacturing of the yarns used to make the roofs of PermaNet® 3.0.
- Reduced the waste at compounding from an average of 8.8% to 2.3%
by recycling and through the use of a combi-masterbatch, which incorporates several master batches into one.
- Reduced water consumption for the compounding process for each production run by 100 liters of water
by upgrading the technology of the cooling system.

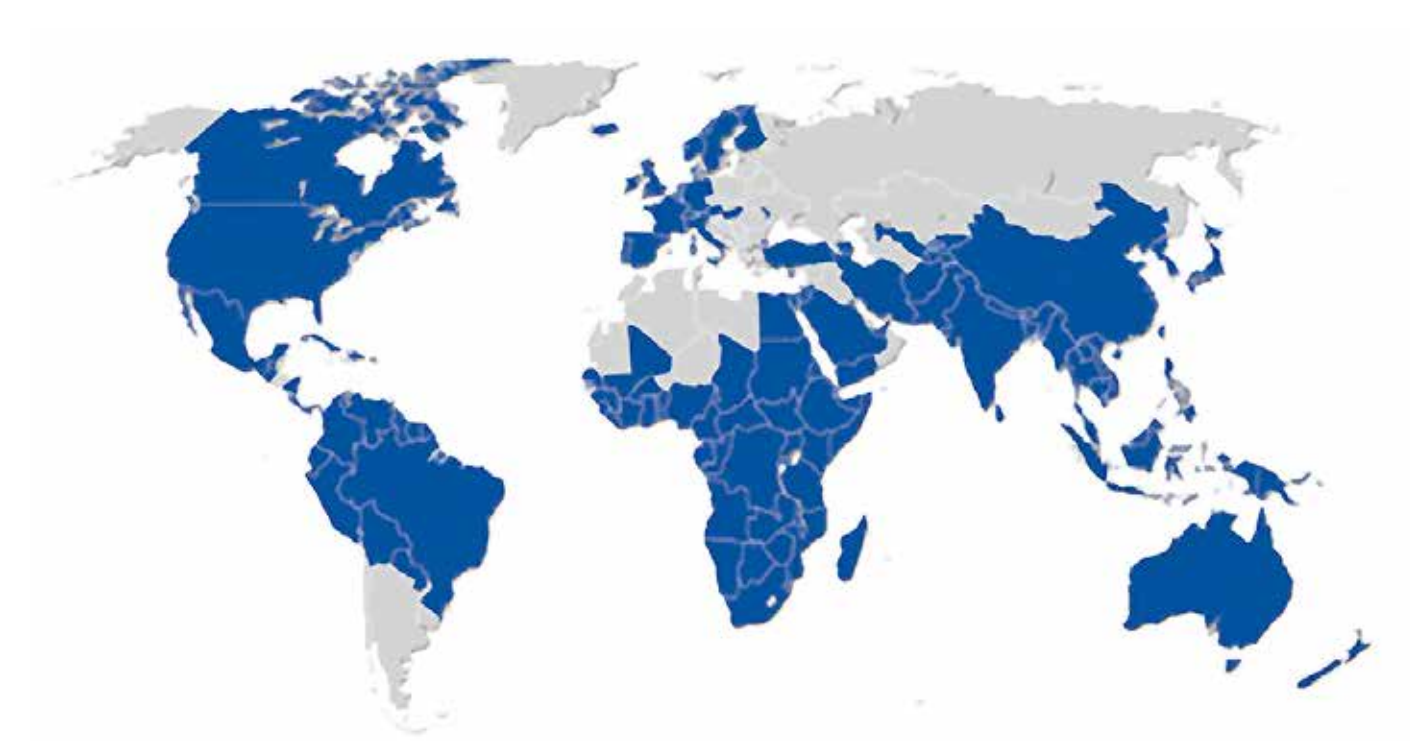
Donations

Vestergaard routinely contributes funds and products to worthy causes around the globe. A partial list of donations in 2015 follows.

- Donated 100 LifeStraw® Go water bottles to the Oromia Regional Health Bureau for community health workers in Ethiopia.
- Provided 200 PermaNet® bed nets to Heart to Heart International to help with the Ebola crisis.
- Gave ZeroFly® Screen to the Pan African Tsetse and Trypanosomiasis Eradication Campaign for use in several countries including Niger, Ivory Coast, Democratic Republic of Congo, Chad and Sudan.
- Supplied 7 LifeStraw® Community water purifiers to families in Nairobi to support a Project L.I.N.C. middle school initiative involving a partnership of middle school students from Andover, Kansas and Trikala, Greece.
- Made a contribution of one million PermaNet® bed nets to the Global Fund to Fight AIDS, Tuberculosis and Malaria.
- Donated LifeStraw® water filters and PermaNet® bed nets for distribution as part of the Kingsley Holgate Rift Valley Expedition.
- Provided 100 PermaNet® bed nets to Song Saa Foundation for distribution in Cambodia.
- Pledged a donation of LifeStraw® Guinea Worm filters to the Carter Center valued at \$365,000 to be given through 2015 and 2016. (With this pledge, Vestergaard has provided a total of in-kind gifts and pledges valued at \$1.56 million to the Center's health programs from 1999-2016.)
- Donated 600 PermaNet® bed nets to the World Health Organization (WHO) for villagers in Bangladesh.
- Provided 250 rolls of ZeroVector® wall lining to TDR for a visceral leishmaniasis study in Bangladesh.
- Supplied 643 PermaNet® bed nets to the Family Legacy Mission for children in an orphanage in Zambia.



Where we work



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