

Laerdal Report on Sustainability



Helping build a better society

Laerdal Initiatives to support the UN Sustainability Goals
and the UN Global Compact Principles

Progress Report - May2016

Contents

Highlights last 12 months.....	4
The way we came.....	6
Our Strategy.....	8
Our Partners.....	9
Mission driven development.....	10
• Global Health	10
• Resuscitation	13
• Emergency Care	16
• Research Support	18
Global Compact Principles	19
• Human rights	20
• Labour	21
• Environment	24
• Anti Corruption	29
Sustainability goals for 2016 to 2020.....	30
G4 Sustainability Reporting Guidelines.....	31



Cover illustration;

The Laerdal goals and strategy for 2020 relate to four of the UN Sustainable Development Goals in particular

- Preventing premature deaths (SDG3)
- More efficient education (SDG4)
- Innovation by better implementation (SDG9)
- Partnering for more impact (SDG17)

Executive Chairman and Owner perspective

"We believe that if we can create value to the society at large, and do our job well, satisfactory economic results will follow and allow us to build a stronger company with time."

This was the simple philosophy of Åsmund S. Lærdal when he founded our company in 1940. It has remained our philosophy ever since.



Our goal for 2020 is Helping Save 500.000 more lives. Every year. Laerdal Medical contributes the achievement of this goal by initiatives in Resuscitation and Emergency Care, and by financial support to Laerdal Global Health.

Laerdal Global Health contributes only marginally to our revenue, and as a not-for-profit arm not to our earnings. However, the endeavors of Laerdal Global Health are of great importance for our mission and our commitment to sustainability and positively influences both employee motivation and builds the trust among our collaborating partners.

We put pride and effort into providing a safe and healthy work environment for our 1,400 employees in 24 countries. The annual Employee Perspective Survey confirms a strong commitment to our mission and strategy and offers valuable suggestions for improvement.

Customers, employees and other stakeholders have high expectations of us. We hope this report will generate knowledge and discussion, and we welcome feedback that can help us in our efforts for continuous improvement.

Tore Lærdal, Chairman of the Board

Highlights last 12 months

Our 75th Anniversary

2015 marked the 75th anniversary of the Laerdal company, and was marked by a number of events:

Publication of the book **Saving more lives together - vision for 2020**, authored by Nina Tjomsland.

Extended Management Meeting. 70 managers, representing 24 countries, met to discuss strategic progress and further development. It was rewarding to see alignment on the overall strategy for 2020, experience cross cultural and functional integration, and to align on the tactics for achieving our goals.

Utstein Meetings. Supported by the Laerdal Foundation, world experts met at the Utstein monastery outside Stavanger; Norway, to discuss:

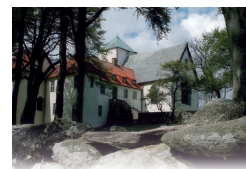
- A call to Action for Saving 500.000 more lives per year - together; marked by two Utstein Expert Meetings
- Best practices of EMS and community programs to improve survival from out-of-hospital cardiac arrest. A publication following the meeting identified initiatives to improve the overall survival rate from 7 to 12%.
- Successful Implementation of Helping Babies Survive and Helping Mothers Survive Programs - An Utstein Formula for Newborn and Maternal Survival.

Global Resuscitation Alliance

In 1990 at the Utstein Abbey near Stavanger, Norway, 36 researchers and Emergency Medical Service (EMS) and medical directors gathered to solve a problem. There was lack of data about cardiac arrest survival, and in the few communities that attempted to measure their performance there was a multiplicity of case definitions with no consistency in calculating survival rates. The process of defining the essential elements of a cardiac arrest registry came to be known as the Utstein method and has been widely adopted by resuscitation scientists worldwide. The original Utstein article remains one of the most cited articles in resuscitation science.

In 2015, twenty-five years after the first Utstein meeting, 36 resuscitation leaders gathered at Utstein to solve another problem – how best to implement successful strategies in managing cardiac arrest and how to spread the lessons of best practices. In early 2016 the Global Resuscitation Alliance was established as means to catalyze improvements in survival. The Global Resuscitation Alliance aims to provide the tools and support for communities to develop local programs modeled after the Resuscitation Academy and thereby promote best practices.

Improving Survival from Out-of-Hospital Cardiac Arrest:



**A Call to Establish
a Global Resuscitation
Alliance**

Workshops with Key Partners. Senior representatives of our closest partners shared openly their experiences with and expectations of their partnership with Laerdal. Key findings were that partnerships are most effective and valuable when missions and values are aligned.

Development in China

Over the last 3 years, China has grown to become one of the biggest markets for Laerdal. In 2015, we changed the distribution model to increase transparency and to better control the end customer price. See *page 29*.

Opportunities in India

The Government of India has launched the "India Newborn Action Plan" and the Family Planning 2020 Vision". We have identified important areas where Laerdal can contribute and initiatives are now underway. See *page 13*.

Resuscitation Quality Improvement (RQI) Program

This is an initiative between the American Heart Association (AHA) and Laerdal for improving the quality of learning in CPR for healthcare professionals. We rolled out the program in the USA in 2015, after pilot sites demonstrated positive impact on both competence and savings in training costs. In 2016, the program will be rolled out in a number of other countries. See *page 16*.

Business for Peace award

Business for Peace is an Oslo-based foundation that recognizes Global leaders who positively change the face of business. An independent committee of Nobel laureates in peace and economics selects the Honourees from a pool of nominees put forward by our global partners in the United Nations and the International Chamber of Commerce. Tore Laerdal was selected as one of three Business for Peace Honourees for 2016.



The way we came

Our history

Åsmund S. Lærdal established his business in Stavanger in February 1940 as a publisher of cards and books, and later toys. With an eye for innovation, in 1960, Lærdal recognized the potential for using his expertise in producing plastic dolls for a new purpose - the development of a realistic training manikin to teach mouth-to-mouth resuscitation.



Over the next 55 years, Laerdal Medical developed a broad range of products and programs to support resuscitation training and emergency interventions. In 2000, with a growing focus on increased patient safety, Laerdal broke ground in the field of medical simulation, introducing a series of relatively low cost realistic patient simulators, allowing for risk-free interactive training in emergency care.

The **Laerdal Foundation for Acute Medicine** was established in 1980 in collaboration with the University of Oslo. Donations from Laerdal Medical have enabled it to support a large number of practically oriented research projects.

In 2010, **Laerdal Global Health (LGH)** was established as a not-for-profit company to develop high impact, low cost training and therapy products aimed at helping save the lives of newborns and mothers in low-resource countries.

Today, **Laerdal Medical** is a global company with more than 1400 employees in 24 countries dedicated to helping save lives through the advancement of resuscitation, emergency care, and patient safety. In collaboration with renowned researchers and prominent partners, Laerdal aims to continue to improve and innovate to reach our ultimate goal - helping save more lives.



Laerdal

helping save lives

The Laerdal Medical logo shows the Good Samaritan, the passer by who stopped to help. Helping Save Lives defines our purpose; enabling others to provide the right help at the right time

The value of an integrated mission

In 2015, Laerdal, together with NHH Norwegian School of Economics started a research project called FOCUS (Future Oriented Corporate Solutions). The aim of the project is to investigate how the mission motivates Laerdal employees. The two researchers, Steven W. Whiting from the University of Central Florida and Alexander M. Sandvik from the NHH describe their perspective:

A mission is defined as a future-oriented idealization of what an organization aspires to achieve that is established by its leader or leadership. Organizations with strong missions, and leaders who are capable of effectively articulating a mission have been shown to achieve superior results. A strong mission helps to establish a shared sense of purpose in the organization. If the company mission and the mission of the employees is aligned, they will perform better. This makes the performance of daily work more meaningful, since employees consider how their individual efforts will add up towards the overall mission.

As an organization, Laerdal has a very well defined and concrete mission with a strong prosocial element to it. Organizations that place a central importance on prosocial outcomes and on benefiting the well-being of others have been termed "mission-driven" organizations. Mission-driven organizations have been shown to attract employees with high levels of prosocial motivation (individuals who care about benefiting others through their work), and these employees have also been shown to be more likely to persist in their work and as a result achieve higher levels of performance.

While the study is still ongoing, we have learned that we need to ensure that all employees see their part in the big picture. To keep the mission alive as a source of motivation, employees need to experience the mission on a regular basis. We need to look at it as a "motivational bucket" that we keep filling. We need to ensure that the stories of our mission in action are genuine, relevant, understood and localized.



The Laerdal Global Health logo have substituted the two men in the good samaritan logo with a mother and her baby - the main focus of this company. But the mission statement in the tagline is the same as for Laerdal Medical

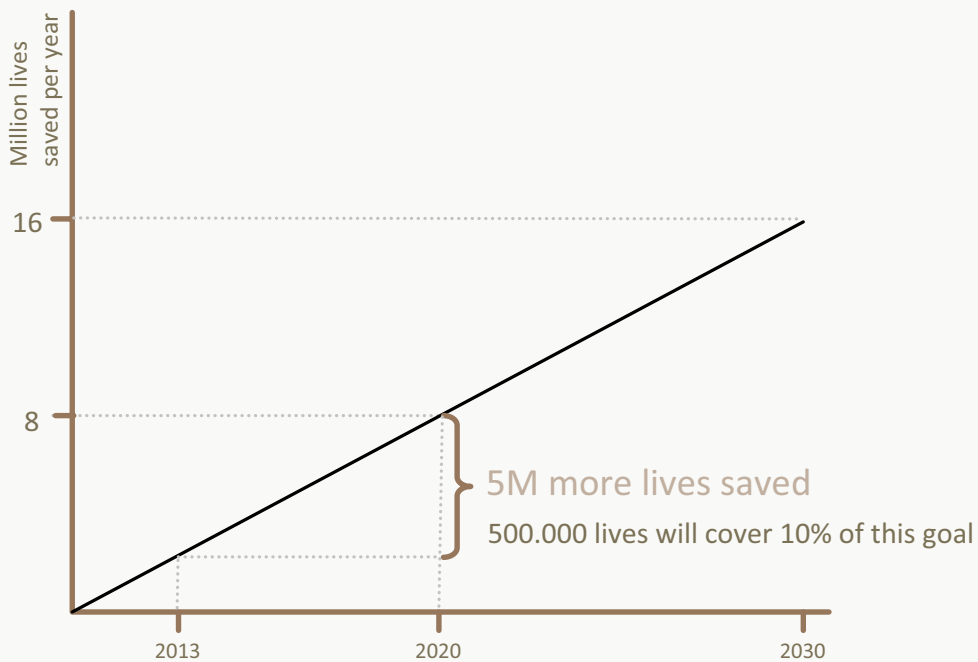
Our strategy

Our Helping Save Lives mission defines why we do what we do. Our goal is to help save 500,000 additional lives every year by 2020 and beyond. This goal underscores the need for focusing our activities and organizational capabilities on areas where we believe we can make the biggest impact.

By implementing what has been shown to work within resuscitation research, patient safety, and our global health initiatives, we believe we can achieve our goal. Our two companies, Laerdal Medical and Laerdal Global Health are complementary, enabling us to have the greatest positive impact on helping save lives.

UN Sustainable Development Goal (SDG) Number 3 assumes that 16 million lives be saved each year by 2030. To be on pace to reach this goal, 5 million more lives need to be saved in the 2013-2020 time period.

Laerdal's goal for the same years is to help save 500,000 more lives, i.e. 10% of the SDG 3 target. The United Nations believes that 5 million additional lives should be able to be saved each year by 2020, in relation to recorded numbers for 2013.



Our partners

The UN Sustainable Development Goal Number 17, (Partnership for the Goals) underlines that future success can only be realized through strong commitment to global partnership and cooperation. We fully support this perspective and will strive to further develop alliances and partnership in the period to come.

Our ambitious goal for 2020 is only achievable in close collaboration with our partners.

Laerdal's global strategic partners include:

The American Heart Association (AHA), Laerdal collaborates with the AHA on several large-scale projects – including CPR Anytime, where we have jointly distributed 1 million kits, a CPR in schools program, Heartcode eSimulation courses and the Resuscitation Quality Improvement Program (RQI).

The American Academy of Pediatrics (AAP),- Our alliance with AAP has resulted in several simulators supporting the Newborn Resuscitation Program (SimBaby, SimNewB, Premature Anne), e-learning programs, and the suite of Helping Babies Survive educational modules.

HealthStream, Laerdal works with HealthStream to deliver the SimCenter simulation management system platform and on distribution of the HeartCode courses.

The National League for Nursing (NLN), Laerdal is the strategic partner of NLN for patient simulation training for nursing education in the US.

Philips Healthcare, Our alliance with Philips Healthcare for Heartstart automated external defibrillators and Q-CPR technology dates back 20 years.

SAFER (Stavanger Acute medicine Foundation for Education and Research), established in 2005 as a cooperation between the University of Stavanger, Stavanger University Hospital and Laerdal Medical. The training activities have grown significantly over the years, and passed 12.000 participant days in 2015. The centre plays an increasingly important role in an international network for patient simulation.

Jhpiego is a non-profit health organization affiliated with The Johns Hopkins University. Laerdal Global Health supports Jhpiego in developing and implementing the Helping Mothers Survive programs.

Global Health

Laerdal Global Health (LGH) was established in 2010 to help save lives of newborns and mothers in low-resource countries. LGH develops high impact, affordable training and therapy products on a not-for-profit basis. Together with partners and leading global health organizations, programs are developed and implemented worldwide. Every year, 2.7 million newborns and 300,000 mothers die due to birth-related complications. Over 90% of these deaths occur in Africa and Asia.

LGH's goal is to help save 400,000 additional lives per year by 2020.

As the UN Millennium Development Goals 4 (Reducing Child Mortality) and 5 (Maternal Health) came to an end in 2015, our focus has turned to the new UN Sustainable Development Goal (SDG) Number 3 (Good Health) and specific subsections within it. We will also relate to SDG 4 (Quality Education), SDG 9 (Innovation), and SDG 17 (Partnerships for the Goals) to achieve the greatest impact.

Helping Babies Survive

Helping Babies Survive (HBS) is a skills-based suite of training programs developed by the American Academy of Pediatrics (AAP) based on the latest WHO guidelines. The program consists three training modules: Helping Babies Breathe (HBB), Essential Care for Every Baby (ECEB), and Essential Care for Small Babies (ECSB).

One out of ten newborns need help to start breathing. The HBB program developed by the American Academy of Pediatrics gives birth attendants hands-on training in newborn resuscitation. Since the program launched, more than 300,000 birth attendants in 77 countries have been trained.

A large-scale study observing nearly 80,000 births at eight regional hospitals in Tanzania, showed the HBB program contributed to the reduction of early neonatal mortality by 47% and stillbirth rates by 24%.

Essential Care for Every Baby (ECEB) focuses on critical interventions for every newborn after birth. Essential Care for Small Babies (ECSB) teaches how to manage the special needs of low birthweight and preterm newborns. The training program is coupled with the PremieNatalie and MamaBreast simulators and the CarePlus preterm wrap, all launched by LGH in 2015. A study in Nepal showed that 84% of mothers preferred this wrap over the traditional wrap.

The save of Naomi's baby

In 2015, after a long childbirth, Naomi Banda gave birth to a baby boy. He was not breathing. The midwife, Faith, had been trained in Helping Babies Breathe. Immediately, she took the baby to the resuscitation station and started bag and mask ventilations. Within minutes, Naomi heard her baby's first cry.



Helping Mothers Survive

Every day, 800 mothers die at birth. Through the Helping Mothers Survive (HMS) educational programs developed by Jhpiego, birth attendants get hands on practice in how to manage birth and birth complications. By the end of 2015, more than 37 700 birth attendants had been trained in the first module HMS Bleeding After Birth using the MamaNatalie birthing simulator.

Helping 100,000 Babies Survive & Thrive

This project aims to help save 100,000 babies every year by scaling up the Helping Babies Survive training modules in India, Nigeria and Ethiopia. The project is a partnership between USAID, the AAP, the pediatric associations of Nigeria, India, and Ethiopia, Laerdal Global Health, Johnson & Johnson, the Government of Norway, and the Bill & Melinda Gates Foundation.



Survive & Thrive

The Helping Mothers and Babies Survive programs address the leading causes of maternal and newborn mortality. The implementation is supported by the public-private Survive & Thrive Global Development Alliance, where Laerdal Global Health is a partner with AAP, Jhpiego, USAID, Save the Children and others.

10,000 Happy Birthdays

We support the midwifery associations of Malawi and Zambia and International Confederation of Midwives, to train 10,000 birth attendants in the Helping Babies Breathe and the Helping Mothers Survive programs. By the end of 2015, nearly 4,000 midwives had been trained.

Safer Births Research and Development Project

Since 2012, LGH has been working with Tanzanian, Norwegian and international research institutions on the Safer Births research and development program. Now more than 20 researchers are engaged in the project and several research papers have been published. In 2015, the Moyo Fetal Heart monitor was launched, and more products are in the pipeline.

Ester's story

In December 2015, Ester Muni gave birth to a baby boy. After the delivery, Ester continued to bleed. The bleeding was very heavy. Ester feared for her life and was afraid her baby would have to grow up without a mother. The midwife, Musama, checked the uterus. It had not contracted. He massaged the uterus and administered a second dose of oxytocin. With the nearest hospital six hours away by ambulance, Ester's life was in the hands of her midwife. If he had not been well trained, Ester would not be alive today.



Day of Birth Alliance

The Day of Birth Alliance (Jhpiego, the CBID at The John Hopkins University and LGH), develops solutions to address the critical needs of both babies and mothers on the day of birth. The 2015 student team, in partnership with Jhpiego India, has developed solutions for increasing nursing students' confidence, related to decision making during labor monitoring,

Opportunities for Impact in India



Globally, twenty percent of all preventable deaths occur in India. In 2015, the Indian government set a goal to reduce newborn mortality by 28% and stillborn by 22% within 2020. This will result in 330,000 lives saved every year. Active dialogue with key stakeholders have outlined how these ambitions can be translated into actions and how Laerdal can help.

Our training solutions are now included at hospitals, ambulances and nursing schools countrywide. At Kalawati Saran children's hospital in Delhi the newborn death rate was reduced from 10% to 5% over the last year following the implementation of our solutions. MamaBreast and the CarePlus preterm wrap are now

adopted as essential tools used by midwives and mothers at the maternity department.

The Indian government has also set ambitious goals for scaling up family planning. To further this initiative, the LGH product development team in Pune are working closely with the government to develop a bundle of training products to be launched in 2016.

In response to the particular opportunities for our mission initiatives to have impact in India, we have, in 2016, declared India a priority region, and will be expanding our organization significantly in the country.

Resuscitation

Over 1 million people die annually of sudden cardiac arrest in high-resource countries. By better implementation of what is known to work in the best performing organisations, the average survival rate could be increased from 7 % to 12 % by 2020. We believe we can help achieve this increase and our goal is to help save 50,000 lives.

Since the invention of modern life-saving techniques in 1960, little has changed in the way resuscitation training has been delivered. Traditionally, training occurs in a classroom setting facilitated by an instructor one or two times a year. However, research evidence shows this is not the optimal way to learn or retain CPR skills. With the development of new technologies for measurement and analytics and the evolution of self-directed learning, the quality of resuscitation training can be improved dramatically. Recently, together with partners, Laerdal has developed e-learning programs and initiatives such as Resuscitation Quality Improvement (RQI) to optimize the way CPR training is delivered.

There is now a significant opportunity to reach the additional 50,000 lives goal; as programs developed and delivered with partners reach deep into communities, and enable the skills delivered by healthcare workers to be retained for use when they are needed most.

More than doubling survival: A Danish Case Study

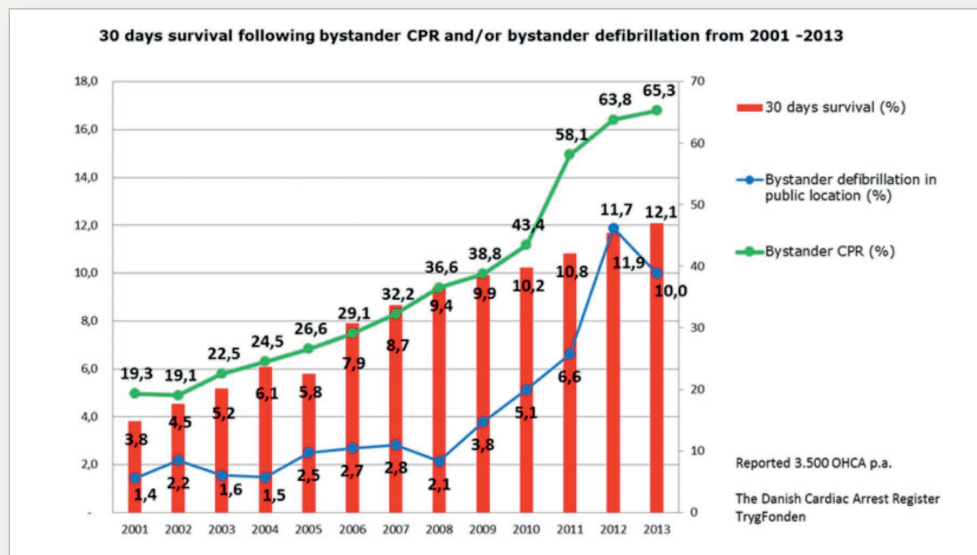


Figure: Number of survivors after cardiac arrest and number of people who perform CPR when they witness a cardiac arrest

In Denmark, a national initiative to increase bystander CPR resulted in 50% more resuscitation attempts. But they will not stop there. The ambitious new target is to raise bystander CPR to 85% and further increase survival.

Facilitating large scale CPR training

Without bystander CPR, chances of survival drop by approximately 10% for every minute after respiratory or cardiac arrest. As ambulances often take more than 10 minutes to get to the patient, chances of survival are low. Research has shown that chances of survival are greatly enhanced when a bystander delivers CPR while waiting for the ambulance to arrive. As approximately 70% of cardiac arrests occur at home, the most likely bystander is a spouse, family member or friend.

To help address this need, Laerdal and partners have developed a low-cost training kit, (MiniAnne Plus) allowing video coached self-training in CPR in less than 30 minutes. This has enabled partners and institutions to initiate large scale CPR training targeting those who are most likely to be bystanders of an out-of-hospital sudden cardiac arrest.

In the UK, Laerdal is helping the British Heart Foundation (BHF) to implement a nationwide CPR program. Since the launch of this "Nation of Lifesavers" program in October 2014, more than 100,000 Mini Anne manikins and instructional videos have been delivered and over 700,000 people have been trained.



CPR Guinness World Record event in India

On April 7th 2016, a new Guinness World Record event took place in Chennai, India. 28,050 people were trained in CPR on the same day. The event required 500 Laerdal MiniAnne manikins. The average use was over 60 times per manikin making this a great durability test for the product. To organize the event more than 2,500 student volunteers, 200 staff members and 100 instructors from the Saveetha University worked around-the-clock to achieve the result with the desired quality.

Resuscitation Quality Improvement (RQI) Program

Over recent years, research has shown that resuscitation skills deteriorate quickly, often in as little as 3 to 6 months. Normally, healthcare workers have undertaken training once every one to two years. To help maintain and improve these important lifesaving skills, Laerdal has collaborated with the American Heart Association (AHA) to develop the RQI program. This system, which was launched in 2015, enables learners to practice their skills every three months in small sessions of 10 to 15 minutes, without an instructor needing to be present. The learner is coached by the computer attached to the manikin, and when performance is good enough, a performance score is recorded.

Early research on the system has shown that not only are the CPR skills maintained, but over time, also the quality of resuscitation performance. We have realized these improvements both during training and patient treatment. Better quality CPR performed by healthcare providers helps save more lives, and the RQI program makes it simple and straightforward for performance and skills to be managed and improved. In addition, because practice occurs at the place of work, there are significant cost savings for the institution, making learning cost effective and more relevant.

This program started in the USA in spring 2015, but this lifesaving initiative is presently being rolled out in a number of other countries including Australia and Belgium, and a number of others will soon follow.



Emergency Care

Medical errors are believed to be the cause of over 250,000 deaths per year in high resource countries alone. A 20 % reduction in these errors, helped by simulation training and related activities, could contribute to additional 50,000 lives saved per year.

Laerdal helps to support the expansion of simulation and skills development for those providing healthcare. Over recent years, Laerdal has made significant progress in supporting the development and implementation of products and programs that show promise for good patient and educational outcomes. Initiatives in 2015 include:

- **Premature Birth** – working closely with the American Academy of Pediatrics to add a new premature training solution for its Neonatal Resuscitation Program;
- **Solutions For Advanced Life Support** – building a revised adult simulation portfolio to reach new groups, especially in Emergency Medical Services;
- **Analytics Systems** – development of a new suite of data analytics systems to capture information coming from equipment, to enhance the opportunities to “measure and improve”;
- **Transitioning To Practice** – working with partners to build new programs to help healthcare providers move from education to practice with higher competence, and increased confidence.
- **Simulation As A Service** – not all those wishing to embark on simulation education wish to invest in installation of equipment, and provision of their own staff. This new service will enable infrequent users to seek Laerdal support to enhance learning on an as needed basis.

Initiatives such as these will provide a solid platform for the next phase of development to improve the quality of healthcare delivery.

Helping nursing schools achieve high quality simulation

A study for simulation in higher education provided evidence that simulation can effectively substitute for 50% of the traditional clinical practical experience required by undergraduate nurses. In delivering this education, it was stressed that in such cases the faculty needs adequate administrative support, equipment, and simulation training.

The same study also showed that 96% of all accredited nursing schools use simulation in some form. However, these same schools struggle with:

- Curriculum integration and limited utilization
- Faculty preparedness in methodology and debriefing
- Program support and sustainability
- Limited quality clinical experiences

To address these important needs, in 2015, Laerdal launched, in partnership with the National League for Nursing (NLN) in the USA, Simulation Education Solutions for Nursing (SESN), designed to help nursing schools and programs successfully implement highly effective simulation training for nursing students. The SESN program consists of a range of services that are designed to address the needs identified in the NCSBN Guidelines. Leveraging evidence-based best practices from the International Nursing Association for Clinical Simulation and Learning (INACSL), The Society for Simulation in Healthcare (SSH) and the NLN, the program provides nursing schools with an optimized training environment that will help improve utilization of equipment, achieve efficient quality outcomes, and maximize return-on-investment for the equipment and resources.



Research support

Beyond the company's own research, Laerdal contributes to research through donations to the Laerdal Foundation for Acute Medicine and support to the SAFER simulation center.



Laerdal Foundation

helping save lives

The Foundation was established in 1980 in collaboration with the University of Oslo. In subsequent years, the Foundation has received donations from Laerdal Medical. In 2004, the Laerdal family donated the company's facilities in Stavanger to the Foundation. The annual rent received as result of this has enabled the Foundation to significantly increase annual awards.

Since 2010, the Foundation has provided annual grants totaling up to NOK 40 mill (USD 6.7 mill), and earmarked 50 percent of the grants for projects related to saving lives at birth.



The United Nations Global Compact

The UN Global Compact is an initiative to encourage businesses worldwide to adopt sustainable and socially responsible policies, and to report on their implementation. The UN Global Compact outlines ten principles in the areas of human rights, labour, the environment and anti-corruption.

The UN Global Compact is the world's largest corporate initiative with 13,000 corporate participants and other stakeholders from over 170 countries.

Laerdal Medical and Laerdal Global Health are joint members of the Global Compact and work systematically to live by the 10 Compact principles.

The ten Global Compact principles

Human Rights

- 1** Businesses should support and respect the protection of internationally proclaimed human rights; and
- 2** Make sure that they are not complicit in human rights abuses.

Labour

- 3** Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- 4** The elimination of all forms of forced and compulsory labour;
- 5** The effective abolition of child labour; and
- 6** The elimination of discrimination in respect of employment and occupation.

Environment

- 7** Businesses should support a precautionary approach to environmental challenges;
- 8** Undertake initiatives to promote greater environmental responsibility; and
- 9** Encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

- 10** Businesses should work against corruption in all its forms, including extortion and bribery.

The UN Global Compact's Ten Principles are derived from: the Universal Declaration of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention Against Corruption.

Human rights

Principle 1: Business should support and respect the protection of internationally proclaimed human rights.

The Laerdal Code of Conduct describes how we practice internationally proclaimed human rights within the company.

Our employees are our most valued resource, and we are committed to treating them with dignity, respect and fairness. Ethnic and cultural diversity within the workforce significantly enhances Laerdal's ability to compete at the highest levels in the global marketplace. In Laerdal's Code of Conduct document, provided to all new hires, we emphasize how adherence defined workplace standards foster human values in the workplace.

Our commitment internally also sets the standards for our interaction with vendors, distributors and other external partners.

The Laerdal Code of Conduct underscores the company's commitment to providing a safe and healthy workplace in compliance with all applicable laws and regulations. At all manufacturing plants, initiatives are taken to reduce risk and to ensure improvements within areas where local specific needs are identified.

Our participation in the Helping Babies Breathe Global Development Alliance, The Survive & Thrive Global Development Alliance, and The Day of Birth Alliance are other important examples of initiatives that also relate to protection of human rights, by supporting health of mothers and newborns.

Principle 2: Businesses should make sure they are not complicit in human rights abuses

Laerdal has manufacturing sites in Stavanger (Norway), Suzhou (China), Monterrey (Mexico) and Gatesville (USA) plus sales offices in 24 countries worldwide. When selecting external suppliers and partners we look for more than price and technical capabilities. We have established processes to ensure quality through the value chain, and manufacturing according to national laws, which are globally shared standards all in alignment with the Laerdal values.

Collaboration with suppliers

To be able to follow up in a systematic manner on the supplier side, the number of suppliers needs to be controlled. In 2015, we reduced suppliers from 800 to 600 across the world. This allows more regular contact and better opportunities to ensure we apply the same standards.

Our supplier base ranges from large international organizations to small local manufacturing companies. We work closely with our suppliers to increase transparency in our supply chain, secure quality in our products, reduce cost, and drive innovation.

Our Supplier Code of Conduct sets the standard for how we expect our suppliers to treat their workers and protect the environment. We strive to ensure compliance through close communication with our suppliers, including visits and audits. Many of our suppliers have been trusted partners over several decades.

In our reviews with the suppliers, Corporate Social Responsibility is one of the focus areas. One of our suppliers, Dongyi, that provides carton boxes for manikins, is an example of how attention to human rights issues improves performance. During the supplier audit in 2015, we uncovered that the smell in the printing workshop was severe. The company was within legally acceptable standards but still took swift actions by installing a better ventilation system to the benefit of the employees.

Whistle blower hotline

We decided to set up a whistle-blower hotline, to be implemented early 2016. Normally we would prefer that employees contact their manager or HR in cases where they see a need to warn the company about undesired actions or behavior. However, we accept that in some cases employees in Laerdal, or employees working for suppliers or other stakeholders want to inform anonymously. The contact details are available at Laerdal.com and on the internal web page.

Labour

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining

An active and open dialogue with our employees is essential to maintain a focused and developing organization. The Laerdal Code of Conduct states:

Freedom of Association

Open communication between management and employees provides the best opportunity to resolve workplace issues. Workers have the right to associate freely, to join or not join unions, to seek representation, and/or join other worker's organizations in accordance with local laws and regulations.³

At our Suzhou plant, a union was established in 2008. The Union member candidates are either volunteers, or recommended by other employees.

60% of the union members are from the workshop.

The Union organizes meetings once a month to collect feedback from all employees. They organize employee meetings twice a year and invite managers to share company business situations, strategies, HSE, etc.

For all union requests, the company is accountable for providing a response and an explanation.



In our manufacturing plant in Monterrey, Mexico, a union was formed when the site opened in 2007. The employees representatives meet with the company leadership on a regular basis.

In Stavanger, Norway, four unions represent different work functions within manufacturing and engineering. The respective union leaders meet individually and as a team on a regular basis with the Stavanger managers to discuss organizational changes and other aspects that influence the daily life for employees in Stavanger.

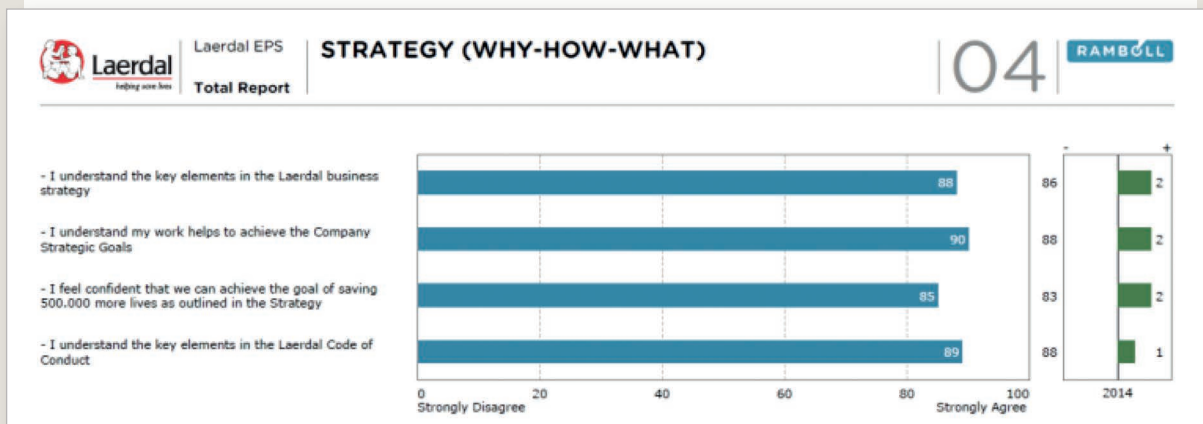
In the Gatesville (USA, Texas) manufacturing plant, which is in a small farming community with Laerdal as one its major employers, the employees have not formed a union. The Laerdal leadership are meeting employees on a regular basis to ensure that we focus on security, compliance with employment laws, and freedom from harassment and discrimination or retaliation. We believe this ensures the same standard and behavior towards employees whether or not a union has been established

In the Japan sales office, a union was formed in 2007. The company holds meetings with the union representatives on a need basis, in addition to an annual meeting. Information is discussed, along with HR matters such as organizational structure, changes in HR policies and procedures, and workplace environment issues which may impact the employees.

An annual Employee Perspective Survey

The company conducts an annual Employee Perspective Survey (EPS) on a global basis. This helps provide valuable information on values, leadership, strategic understanding, and business alignment, and helps to define and measure prioritized improvement areas for managers on all levels.

Participation has increased from 72% in 2007 to above 85% participation every year since 2008. In 2015, 89% of the employees took part in the survey. From the results in the employee survey in 2015, we are encouraged that the employees feel they understand the strategy and how they personally can contribute to achieve the company strategic goals.



Please note that we use a scale from 1 to 6, and that a mean of 5.0 on this 6-point scale renders an index of 80.

Principle 4: Businesses should uphold the elimination of all form of forced or compulsory labour

In selecting suppliers, we also take into consideration national laws and standards which are acceptable to Laerdal. In our Code of Conduct we state:

A Workplace Free of Forced or Involuntary Labor

Forced labor is a serious violation of fundamental human rights and a leading cause of poverty and hindrance to economic development. Forced, bonded, indentured labor or involuntary prison labor shall not, under any circumstance be used.⁴

All Laerdal affiliates have developed structures to ensure their work is carried out under the corporate guidelines for legal and labor relations. All employees have a written contract in their native language and a clear definition and/or reference of both parties' responsibilities and obligations.

Principle 5: Businesses should uphold the effective abolition of child labour

In the Laerdal Code of Conduct, we underscore that child labour is not allowed. We have a lower age limit of 16, which is monitored carefully.

Both in the Monterrey area in Mexico and in the Shanghai/Suzhou area in China, child labour generally constitutes a very small problem especially in the industry parks where we are located. In Texas, USA and Stavanger, Norway, the problem of under age workers is more or less non-existent.

Principle 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation

Laerdal has instituted company policies and procedures to make qualifications, skills and experience the basis for the recruitment, placement, training and advancement of staff at all levels. Through our HR policies and processes, we aim to ensure a fair evaluation of remuneration, recruitment and employee development.

“Discrimination in the hiring process or employment policies such as promotions, rewards and access to training, based on race, ethnicity, color, age, religion, sexual orientation, disability, gender, political affiliation, union membership, marital status, or any other protected characteristic under law is strictly prohibited.”

These standards apply to all parts of our organization. We believe the principles are well understood and implemented. In Norway, in 2015, we have about 40 nationalities represented amongst our 400 employees. For Laerdal, this recruiting approach helps to build competence and tolerance, and helps build an appreciation of Laerdal as a global company among employees in Stavanger.

In 2015, the Laerdal manufacturing plant in Suzhou in China entered a partnership with a local Chinese company - Ruolin. This commercial company is rather untraditional as 100% of their manufacturing task workers have some kind of disability. The disabilities range from hearing impairment, vision impairment, physical disabilities, mental disabilities and some with multiple disabilities. Their corporate philosophy is that this is not done for charity but for finding motivated people who can ensure delivery of good business results. They underline that the company looks for each individual's strengths and builds their role around that. Employees are all paid a salary above the government minimum salary for industry workers in the Suzhou area.

Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges

Laerdal strives to improve the environmental impact of our products and has established a process to ensure compliance to global environmental product regulations. We are working to increase knowledge of relevant regulations, both internally and externally with our suppliers.

The basis for all our new product development from selecting design, technology, and materials to manufacturing processes, is based on thorough and scientifically based risk analysis methods that address all aspects of risk related to the product.

This includes manufacturing, distribution, functionality, performance, and potential environmental impact of new products and solutions.

Although it is our opinion that we currently operate well within national regulations regarding environmental impact, our goal is to reduce further the use of hazardous materials in our products, in the production process and to reduce emissions to air from our activities.

Experiences from this work will be used when expanding global integration into new HSE areas. This is part of our work to achieve an increased focus on global integration and learning within HSE. As an example from our Mexico plant, use of two hazardous solvents, Methyl Ethyl Ketone (MEK) and Acetone have been reduced by over 50% in one year:

	2014 (liters)	2015 (liters)	Improvement
MEK	11800	4895	58.5%
Acetone	13800	5200	62.3%

Manufacturing Scrap reductions:

Effective use of raw materials is a focus area for the Stavanger, Monterrey and Gatesville factories. Over recent years we have realized significant reductions in scrap levels, which leads to lower use of materials, energy and less production of waste. In average, the three factories realized a 50% reduction in the volume/weight of scrap manufactured from 2010 to 2013, equal to a 58% reduced cost of scrap.

Continued focus on improvements secured further reductions through 2014 and 2015. In 2015, the combined factories in Monterrey and Gatesville realized a significant additional reduction of 40 % in cost of scrap compared to 2013.

Manufacturing in Stavanger has achieved reduction in scrap value of more than 50%, which is in most part related to raw materials/molded plastics.

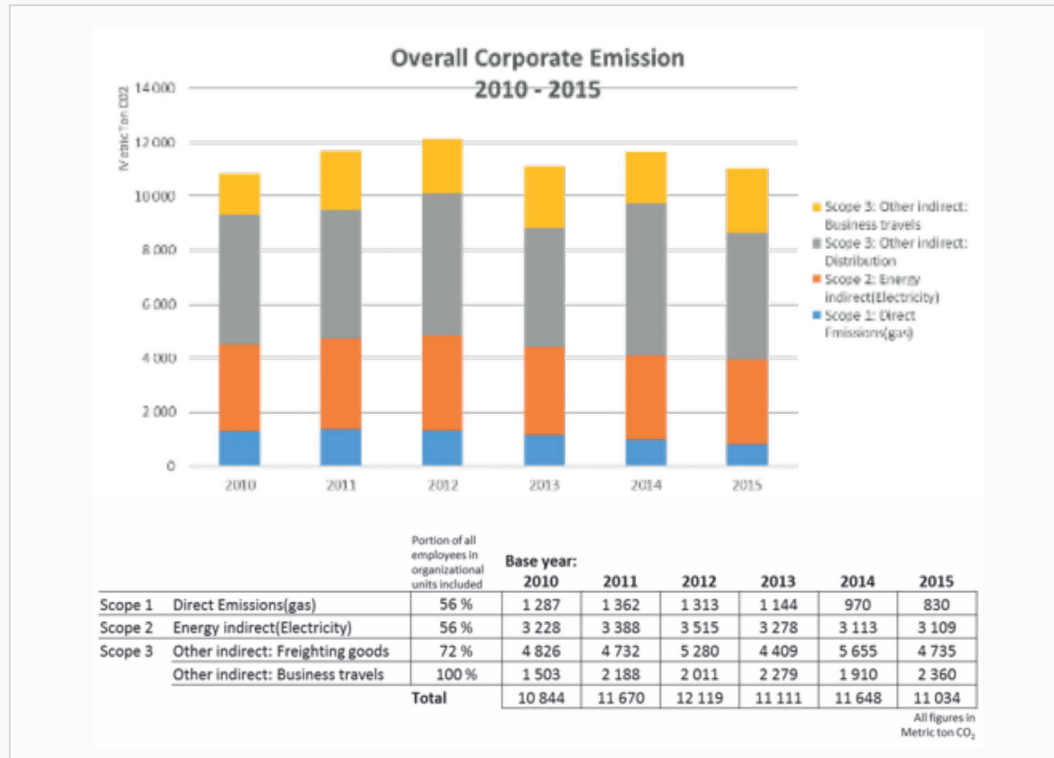
Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility

In the Laerdal Code of Conduct we define our position to minimize adverse effects as:

Business and industry policies and operations can play a major role in reducing impacts on use of natural resources and the environment. Laerdal is committed to doing business in an environmentally responsible manner throughout its entire manufacturing and distribution chain and network. Laerdal shall minimize adverse effects on the community, environment and natural resources by utilizing environmentally compatible materials and manufacturing processes wherever feasible thus safeguarding public health and safety

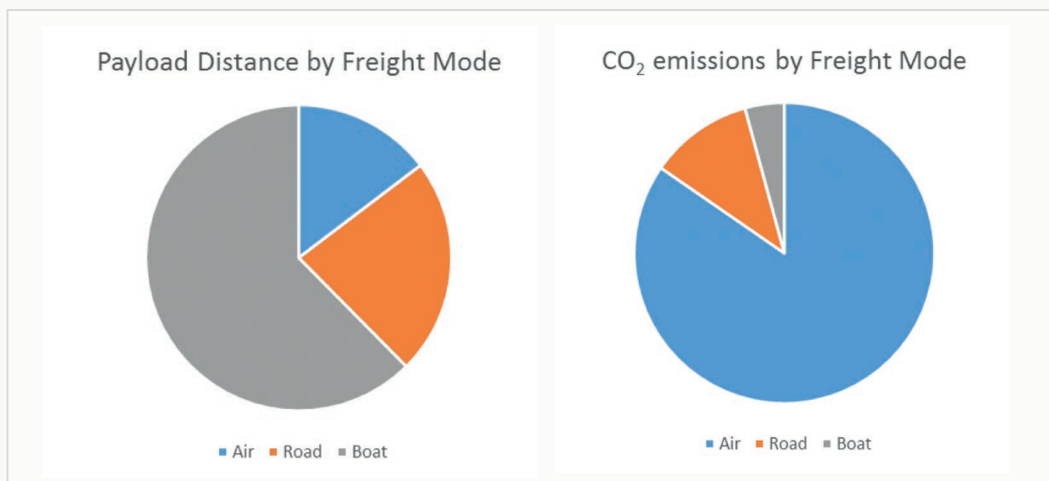
Since 2010 we have been mapping the CO2 emissions resulting from our operations in areas such as distribution, manufacturing and business travel. Over the years, several initiatives have been undertaken to reduce the CO2 emissions. We have reduced the energy consumption at our manufacturing sites and we have reduced our reliance on air freight in our Supply Chain. We have also undertaken initiatives to include more of our operations in our reporting and improve the accuracy of our models used for estimating CO2 emissions.

The total emissions for the organizational units included in the study for 2015, shows an increase in overall emissions of 2% from the baseline year of 2010. In the same period net sales has increased by 16% meaning the relative emission has been reduced.



In the period since 2010, we have achieved reductions in the CO₂ emissions from our manufacturing sites by 13%.

A key area of focus in the years to come, is to reduce the emissions from our distribution by further reducing the reliance of air freight for shipments between our manufacturing sites and our distribution centers. Only 10-20% of our transportation is by air, still 90% of the Co₂ emission comes from air freight.



Initiative to secure reduction in air freight of goods, will be by developing regional distribution centers for goods to be shipped to before transportation to end customers.

Another concern is the growing emission from business travel relative to the number of employees. We have invested heavily in communication equipment for more effective cross border communication and we are restricting air travel as much as possible. At the same time, we are distributed in 24 countries. With focus on customer intimacy and cultural sensitivity towards stakeholders, partners and colleagues, we require frequent face-to-face meetings. We will continue to monitor the development and consider if more initiatives should to be taken in the period to come.

Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies

Laerdal's primary motivation is to provide value to our customers. We believe this is best achieved when focusing on new technologies and opportunities, which ensure minimum impact on the environment. Compliance with local regulatory requirements, such as the REACH Directive in the EU, enforces this principle by providing companies with guidance on achieving a positive environmental profile.

For Laerdal, two areas have been focused on;

- Reduction of waste through reductions of scrap in manufacturing as described under principle 7. Focus will now turn more towards remaining waste and improvements related to level of recycling.
- Effective manufacturing plants

In addition, we are committed to operating more effective plants such as restructuring and optimizing our Gatesville and Monterrey factories. Restructuring of the molding operation in the two facilities in Gatesville and Monterrey was finished in June 2013. During the transition period over the last few years, we have run rotation molding machines in parallel in both Gatesville and Monterrey, leading to an overall higher energy consumption.

In 2015 we restructured the plant and buildings in Gatesville with positive impact in many areas. The effect by connecting two buildings, and demolishing four old buildings has offered an estimated improvement that will be realized in 2016 in utilities for the total site as follows:

- Electrical: – 12%
- Gas: – 15%
- Water: – 21%

In the next years, we are planning to invest in new air condition units in Gatesville, replacing old and less effective units. New technology gives reduced energy consumption and also secures that we phase out the use of less environmental friendly cooling agents before regulations require.

Water consumption

Over the last two years, we have started to track the water consumption in our factories to understand better how we are using this particular resource. The data for 2014 and 2015 (see below) show a small increase. We will put more efforts into understanding the cause for this, and identify opportunities to reduce our total water consumption in the coming years.

Water consumption in liters

	2014	2015	Change
Monterrey	1 431 000	1 531 000	7 %
Gatesville	2 183 945	2 467 820	13 %
Suzhou	9 498 000	14 638 000	54 %
Stavanger	7 782 000	3 791 000	-51 %
Total	20 894 945	22 427 820	7 %

Anticorruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery

Laerdal believes in only doing business with those who embrace and demonstrate high standards of business in accordance with our Code of Conduct. Laerdal requires that all partners subscribe to and accept the terms and conditions set forth in this Code, or that they adhere to their own equivalent code of conduct. Among other things, our Code of Conduct emphasizes that;

“Laerdal employees shall not offer customers, potential customers, governments, agencies of governments, suppliers, members of the academic or research community, or any representatives of those entities, any rewards or benefits in violation of either applicable laws or reasonable and generally accepted business practice.”

As an example of the Company's commitment to this goal, towards the end of 2014, we discovered in China that some of our distributors, appeared to have charged the end customer a much too high price on some of our products.

Together with the sales leadership in China, We analyzed the problem and made the following changes;

1. For each product, we defined the maximum price to end customer and we published the price on the Laerdal China website. Customers could also download price lists. We followed the “publish what you pay ”⁴ principle
2. We conducted meetings with all present distributors and informed them about the change. We changed their agreements to being Agents, where they work as an extension of the Company, so pricing and contracts can be controlled.
3. With legal support, the new contracts had transparency criteria and maximum prices were included and defined.
4. We retrained our own people and agents to ensure we were aligned with these new principles and the consequences if they were not honored.
5. We started a process to monitor the development to ensure the change is understood and implemented.

Some of our distributors did not appreciate the change, and do not work with Laerdal any longer. For some of them it was because this made their business less interesting and for others because they did not meet our defined criteria. Even internally, this change has been difficult for some employees, and we have had to take actions. However, the majority of our employees, agents and end customers have thrived with these changes and we find that sales are growing in China. We will systematically follow through to ensure the defined changes are enforced.

Sustainability goals for 2016 to 2020

Helping Save Lives

Help save an additional 500,000 lives per year within 2020.

Health and safety - goals for 2016

All sites to work systematically on safety, with specific focus on near miss / hazard situations. The purpose is to improve implementation of corrective and preventive actions. See page 26 and 27. Over the years we have had good progress, even though 2015 was a step back. Monterrey especially have realized significant improvements the last years after implementation of new processes and follow-up mechanisms towards the goal of 0 DLA.

Site	Days Lost due to Accidents (DLA)			Other focused targets
	Result 2014	Result 2015	Target 2016	
Stavanger	DLA: 3 Incidents: 2	DLA: 14 Incidents: 1	DLA: 0	- CMR *1) substitution plan completed as targeted, and no chemicals from CMR list are in use. - Reduce sick leave - Reduce use of hazardous chemicals in manufacturing processes
Suzhou	DLA: 4,5 Incidents: 1	DLA: 7 Incidents 3	DLA: 0	- CMR study ongoing. Plan for substitution will be finished by end 2016. - Suzhou focus areas are in working safety and environment protection in varnish process and injection molding areas.
Gatesville	DLA: 0 Incidents: 0	DLA: 1 Incidents: 1	DLA: 0	- CMR study completed with no chemicals identified in use. - Improve internal Safety incident reporting. The goal is to prevent accidents by eliminating conditions that can contribute to accidents.
Monterrey	DLA: 19 Incidents: 3	DLA: 11 Incidents: 1	DLA: 0	- CMR study completed and identified 11 chemicals in use. Substitution plan will be completed by end 2106. - Ergonomic improvements in assembly processes

1. CMR = Carcinogenic, Mutagenic, or toxic for Reproduction as defined in the EU REACH regulation.

Minimizing environmental impact

Our goal is to reduce the proportions of shipment by air by 5% within 2016 through regional distribution centers, better planning and more final assembly locally. See page 27.

Ethics and transparency

In 2016 we will;

- Expand experiences from China to ensure the desired standard is applied in all countries where we operate. Ref page 29.
- Conduct partner follow up on the Global Compact human rights principles.
- Monitor the effectiveness of the whistle blower hotline. Ref page 21.

4 Publish what you pay was originally started within the oil sector to increase transparency. For more information follow the link: <http://www.publishwhatyoupay.org/about/objectives/>

G4 Sustainability Reporting Guidelines

This report contains Standard Disclosures from the GRI Sustainability Reporting Guidelines. The indicators we report on are based on their degree of materiality to Laerdal's operations and sustainability goals. This reporting is based on activities and results in 2015.

Global Compact Principle	GRI Disclosures	Page in report	Fulfilment
	G4-HR3	There were no reported incidents of discrimination in 2015.	Fully.
	G4-HR10	p. 20 - 21	Partially
	G4-HR11	p. 20 - 21	Partially
Principle 3-6: Labour	G4-HR4	p. 22	Partially
	G4-HR5	P. 23	Partially
	G4-HR6	p. 23	Partially
	G4-EC6	More than 95% of senior management at the 24 locations are hired from the local community.	Fully
	G4-LA11	89% of 1400 employees took part on the employee survey.	Partially
	G4-LA12	40% of employees are women. 33% of managers are women	Partially- not broken down
Principle 7 – 9 Environment	G4 – EN6: Reduction of energy consumption	P. 28	Partially
	G4-EN15-17	p. 26 - 27	Partially
	G4-EN19	p. 26 - 27	Partially
	G4-EN27	p. 25, 27 - 28	Partially
	G4-EN29	No significant fines as result of environmental breaches	Fully
	G4-EN30	P. 26 - 27	Partially
Principle 10: Anticorruption	G4-SO5	Zero incidents of <u>corruption</u> .	Fully
	G4-SO8	No fines for non-compliance with laws and regulations.	Fully



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