



# 2017

## Humanitarian Entrepreneurship Report



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**VESTERGAARD®**   
IMPACTING PEOPLE



TABLE OF CONTENTS

CEO Letter	1
Responsible Operations	2
▶ Responsible supply chain	3
▶ Employee rights & respect	4
▶ Occupational health & safety	6
▶ Environmental responsibility	8
▶ Responsible design	9
Humanitarian Impact	
▶ Contributing to Guinea worm eradication	10
▶ Helping eradicate sleeping sickness	10
▶ Helping victims of natural disasters	11
▶ Reducing malaria deaths	11
▶ Protecting vulnerable people from waterborne diseases	12
▶ Contributing resources to critical causes	12
Commitments	13

HUMANITARIAN IMPACT

More than 1.6 billion people have benefited from Vestergaard’s bed nets, water filters and food security products.

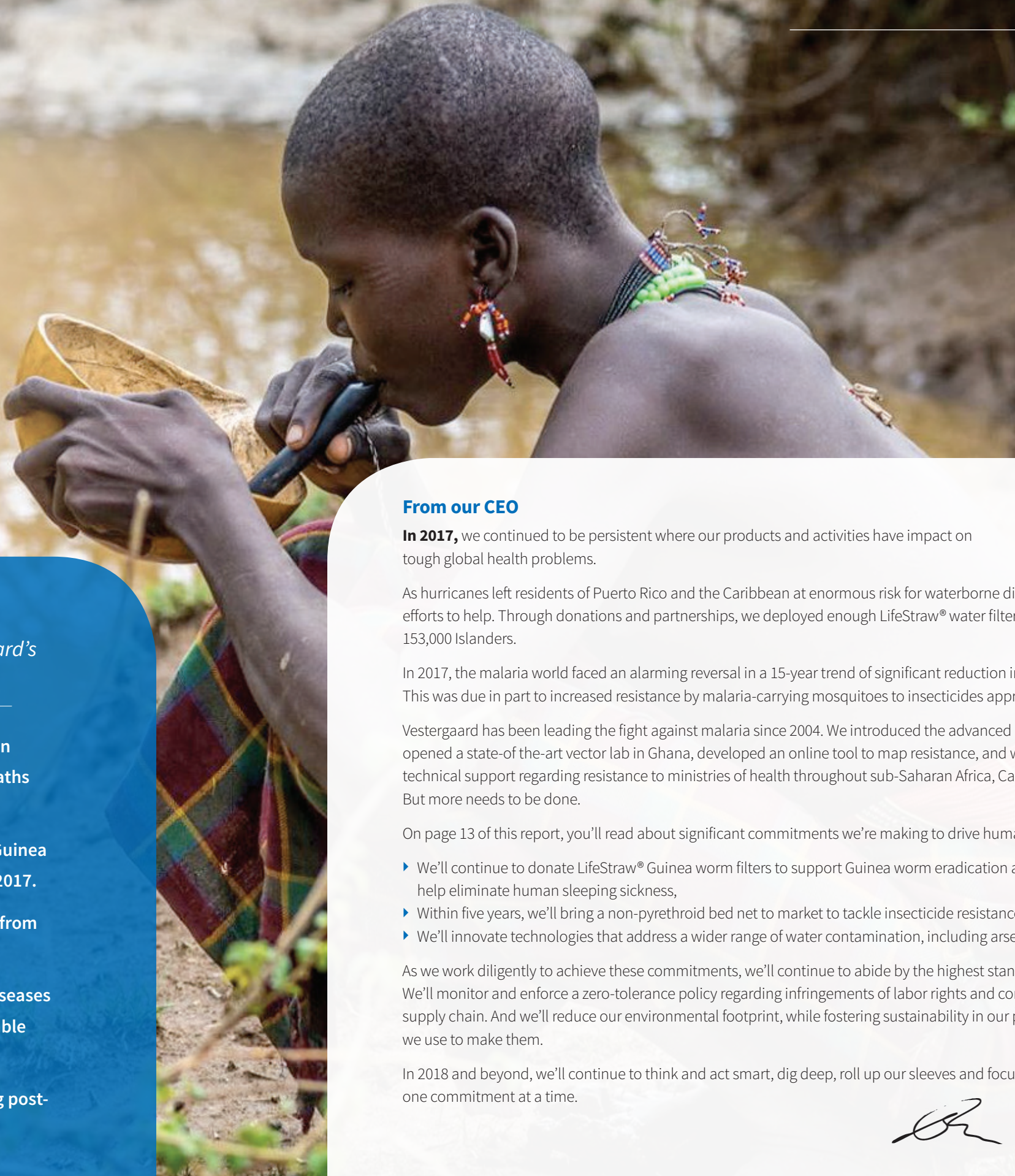
**796.5 million** PermaNet® long-lasting insecticidal nets have been produced since 2002, contributing to the 60% reduction in malaria deaths from 2000 to 2015.

**37 million** LifeStraw® Guinea Worm filters are helping eradicate Guinea worm disease which afflicted 3.5 million people in 1986; 30 people in 2017.

**400,000** ZeroFly® Screens, Targets & Traps are keeping tsetse flies from infecting humans and animals with sleeping sickness disease.

**5.5 million** LifeStraw® water filters are preventing waterborne diseases for some of the 2.1 billion people without access to safe, readily available water at home.

**320,000** ZeroFly® Storage Bags support food security by protecting post-harvest grains and seeds from losses due to pest infestation.



From our CEO

In 2017, we continued to be persistent where our products and activities have impact on tough global health problems.

As hurricanes left residents of Puerto Rico and the Caribbean at enormous risk for waterborne diseases, Vestergaard mobilized efforts to help. Through donations and partnerships, we deployed enough LifeStraw® water filters to bring safe water to over 153,000 Islanders.

In 2017, the malaria world faced an alarming reversal in a 15-year trend of significant reduction in malaria cases and deaths. This was due in part to increased resistance by malaria-carrying mosquitoes to insecticides approved for use in bed nets.

Vestergaard has been leading the fight against malaria since 2004. We introduced the advanced PermaNet® 3.0 bed net, opened a state-of-the-art vector lab in Ghana, developed an online tool to map resistance, and we continually provide technical support regarding resistance to ministries of health throughout sub-Saharan Africa, Cambodia, India and Vietnam. But more needs to be done.

On page 13 of this report, you’ll read about significant commitments we’re making to drive humanitarian impact. For example:

- ▶ We’ll continue to donate LifeStraw® Guinea worm filters to support Guinea worm eradication and ZeroFly® Tiny Targets to help eliminate human sleeping sickness,
- ▶ Within five years, we’ll bring a non-pyrethroid bed net to market to tackle insecticide resistance, and
- ▶ We’ll innovate technologies that address a wider range of water contamination, including arsenic and fluoride removal.

As we work diligently to achieve these commitments, we’ll continue to abide by the highest standards of ethical behavior. We’ll monitor and enforce a zero-tolerance policy regarding infringements of labor rights and corruption throughout the supply chain. And we’ll reduce our environmental footprint, while fostering sustainability in our products and the processes we use to make them.

In 2018 and beyond, we’ll continue to think and act smart, dig deep, roll up our sleeves and focus on improving global health, one commitment at a time.

Mikkel Vestergaard, CEO  
Vestergaard



# RESPONSIBLE OPERATIONS

## Guiding

### Code of Conduct

The United Nations Global Compact (UNGC) encourages companies to act as socially responsible members of the international community, abiding by ten UNGC principles which dictate responsible behavior with regards to human rights, labor, environment and anti-corruption. Vestergaard has been a devoted member of the UNGC for 12 years. Our Code of Conduct fully embraces the UNGC framework and principles, and provides guidelines to employees and business partners on doing business with integrity, creating the right workplace, avoiding corruption, protecting company assets, and disclosing company information.

### Policies

Internal policies on delegation of authority, employee handbook, travel and entertainment, sales, purchasing, finance and IT guide employees on how to conduct business in an ethical and responsible manner.

## Speaking Up

Vestergaard fosters a culture that encourages employees to report infringements through secure mechanisms such as an external whistleblower line or internal quarterly compliance reporting. This eliminates the possibility of any retaliation. All reports are followed up.

## Monitoring

At a corporate governance level, Vestergaard’s Internal Compliance Council oversees implementation and adherence to the Code of Conduct. The Council reports to Vestergaard’s Board of Directors.

Operationally, an Internal Audit Plan, updated annually, verifies that good governance, risk management, and control processes are in place to ensure ongoing compliance.



## Maintaining a responsible supply chain

Vestergaard’s Responsible Supply Chain Management Team ensures that suppliers and other third-party business associates adhere to strict ethical business standards detailed in our Supplier Code of Conduct.

Supplier employee training is conducted regularly and formal auditing tracks compliance. In 2017, Vestergaard implemented extensive training programs totaling 8.02 hours of training for 1500 employees (average of 9.66 hours per production employee).

**This represented a 25% increase in training hours in 2017 vs. 2016.**

## Training topics included:

- 5S management
- chemical safety
- labor safety and hygiene
- first aid
- fire safety
- SA8000® -- secured in 2017

SA8000® certification is the leading global social certification standard for factories and organizations. It ensures the highest quality of social compliance and fair treatment of workers by measuring social performance in eight areas important to social accountability in workplaces, and integrates a management system that drives continuous improvement in all areas of the Standard.



### Commitments:

**In 2018, we will issue an updated, more comprehensive Employee Code of Conduct.**

**In 2018, a new online compliance training platform, developed by the third party Thomson Reuters, will be implemented.**

**In 2018, we will launch new human resource management software for our Tier 1 supplier to improve their social accountabilities management.**

**By 2020, we will cover SA8000® training for all Tier 2 suppliers.**



EMPLOYEE RIGHTS & RESPECT



Fostering diversity

Vestergaard has a long history of diversity, inclusion and engagement. All our employees, regardless of gender, ethnic origin, religious faith, sexual orientation or disability, have the same opportunities with regards to compensation, promotion, job transfer and assignments.

Ensuring employee rights

Comprehensive policies guide our activities.

- Code of Business Conduct and Ethics: deployed globally, with annual acknowledgment
- Equal Employment Opportunities Policy
- Child Labor Policy
- Flexible Working Hours Policy
- Anti-Harassment Policy
- Maternity, Paternity, Adoption & Parental Leave
- Recruitment and Induction Policy
- Work from Home Policy

Providing HR support

Human resources representatives at our offices across the globe report to the corporate human resources director at our headquarters in Switzerland. HR teams are committed to establishing lean, system-supported HR processes to improve employee engagement and achieve workforce efficiencies, while continuing to support employees with quality service.

Nearly half of all employees have been with the company for 5+ years.

This includes launching our new online HR Self Service tool and performance management system. This system has transformed our previously paper based review process into an ongoing strategic collaboration. It ensures that people are engaging with our vision, values and strategy but also aligning their goals to these key drivers.

Encouraging engagement

Early in 2018, as in the past 10 years, dozens of staff members from several offices and Board members had the opportunity to travel to rural Kenya to participate in LifeStraw's Give Back Program. 2018 marks the achievement of a special milestone: reaching 1 million children with ongoing access to safe water. Vestergaard staff helped with the installation of LifeStraw® water purifiers in 1,621 schools without access to a safe water source.

- Most volunteers left by 6 am and did not return until 12 hours later, often skipping lunch. They sat with the teachers and school children and chatted with them, traded stories about cultures, sang songs, played games, demonstrated hand washing and drinking safe water hundreds of times, and connected with school children and individuals from around the world.

Through this event, employees get to experience and embrace, in a very real manner, the embodiment of Vestergaard's driving principles. This, in turn, has effectively enhanced loyalty to the company and motivation to go the extra mile to support our

mission.

Supporting work-life balance

The safety, health and wellbeing of our employees is of the utmost importance to us. Our approach to promoting work-life balance varies from country to country. But it is always based on a common straightforward principle: we want to help our employees perform to their full potential.

Depending on the location, these programs may include, for example, medical services (e.g., medical check-ups, screenings), participation in fitness abonnements, bi-weekly yoga/Zumba sessions. We also offer International SOS, a complimentary service, to all our employees to help keep them safe and healthy if an emergency situation arises when they are traveling or living outside their home country.

In 2017, Vestergaard launched a Work from Home policy, which allows employees to work from home one day each week.

WORKFORCE STRUCTURE – 2017

FEMALE	47%
MALE	53%
TOTAL STAFF	130
NATIONALITIES	16



Commitments:

In 2018, Vestergaard will implement new guidelines for succession planning and continue to provide training to prepare staff for elevated roles and responsibilities.

In 2018, we will initiate a global employee engagement survey to give employees a platform for open feedback.

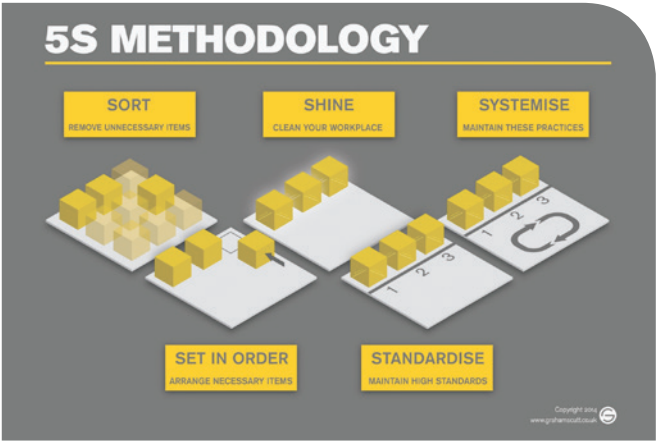


# OCCUPATIONAL HEALTH & SAFETY

## Enhancing systems and standards

Vestergaard made many enhancements in 2017 to ensure that the production lifecycle is handled in an efficient, environmentally responsible and safe manner.

Safety and hygiene practices were strengthened at all production locations. This included implementation of the internationally recognized 5S method for workplace organization which leads to improved efficiency, service and safety.



## Improving physical environment



Improved working conditions by installing a cooling ventilation system at the operators' working positions.



Enhanced safety and ergonomics for unloading by upgrading to automatic conveyor equipment.



Increased lighting levels by 260% and improved energy savings by replacing standard lights with LED lights at cut & sew workshops, laboratories and offices.



Conducted occupational health checks on 100% of operators (137 workers) working on processes related to hazardous environmental conditions.

**In 2017, Vestergaard opened a new manufacturing facility in Vietnam with world-class working conditions.**

The new manufacturing site has exceptional safety, environmental and health features including:

- Automatic fire fighting system with 1820 sprinklers, 232 drencher automatic fire controls in addition to 27 fire horse boxes and 5 fire water pumps and hundreds of fire extinguishers
- Automatic fire alarm system with central fire alarm network with 16 channels at each area in the factory, 16 beam detectors, 47 smoke detectors, 31 emergency buttons, 14 fire alarm bells. All systems are connected and send signal to a central fire alarm.



### Commitments:

**In 2018**, our objective is to decrease the physical waste generated from our polyester net production lines by 20%.

**By 2019**, we will complete all Tier 2 supplier training and upgrade of their practices on O.H.S standards.



# ENVIRONMENTAL RESONSIBILITY

Vestergaard recognizes a shared responsibility to protect and maintain our planet. We are committed to reducing the environmental impact of our operations and materials and continually look for new ways to implement environmentally responsible business practices across our company.

## Highlights of this activity in 2017

- 1. Implemented an upgraded boiler system for the coating operation which uses green materials in the form of cashew nut shells (biofuel) instead of coal materials. Cashew nut shell has a more powerful heating value than coal, resulting in the need to consume less kg of cashew nut shell versus coal to generate the same amount of heat.
- 2. Reduced COD at waste water treatment by 70% by adding a microbiological treatment (moving bed biofilm reactor) to the physico-chemical treatment at the waste water plant, securing a more effective and efficient waste water treatment.
- 3. Ensured the highest level of environmental compliance with ISO14001:2015 certification at Vestergaard's new manufacturing site.



## Ensuring supplier adherence to environmental standards

Vestergaard's Tier 1 suppliers and production factory must sign and adhere to the company's Supplier Code of Conduct which includes expectations for environmentally responsible manufacturing and sourcing.



### Commitments:

**In 2018,** we will engage an external independent consultancy to audit the hazardous solid and liquid wastes disposal management at our manufacturing operations, to ensure we continue to seek, identify and implement improvements beyond local compliances and requirements.

**By 2020,** we will complete key environmental improvement projects for renewable energy and energy efficiency.

# RESPONSIBLE DESIGN

## All products are designed and produced following strict criteria.

### They must be:

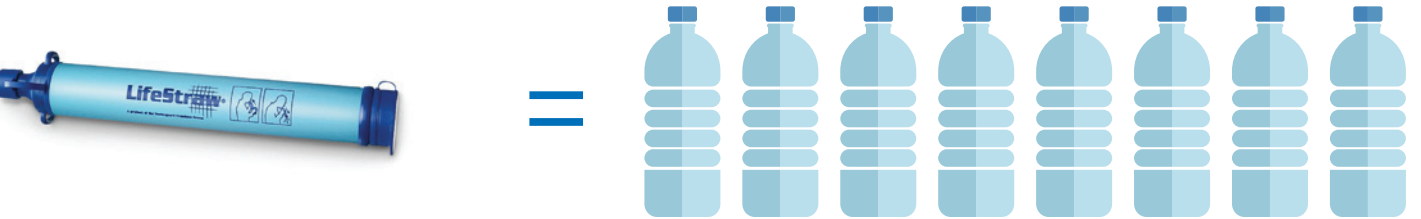
- Simple but technologically advanced
- Fit for a specific purpose and a clear benefit to humanity
- Durable and long-lasting, even in harsh environments
- Easy to understand and use
- Affordable at scale
- Designed and produced in a responsible manner
- Evidence based in terms of product claims and intended impact

All products undergo independent testing and certification by accredited laboratories against global standards, including the National Science Foundation (NSF), the US Food and Drug Administration (FDA) and the World Health Organization (WHO). We publish these results as well as results that support all of our product claims.

## Saving the environment with eco-friendly products

Vestergaard's LifeStraw® water filters reduce the need for bottled water by making safe water readily available anywhere.

In fact, one LifeStraw® provides 8,000 water bottles worth of safe drinking water.



This tackles a huge problem: Currently 400 billion water bottles are used annually; 150 million tons of plastic are floating in our oceans and it is predicted that, by 2050, the oceans will contain more plastic by weight than fish.

### Commitments:

**By 2025,** our operations will be sourced from 80% renewable energy.

**By 2025,** 70% of our supply chain inputs will come from recycled materials.



# HUMANITARIAN IMPACT

Our core business and socially responsible initiatives contribute to more than half of the 17 UN Sustainable Development Goals. Often, we engage in high-impact partnerships to ensure even greater humanitarian impact. Here are highlights of 2017 activity.

## Contributing to Guinea worm eradication

LifeStraw® was built on a partnership that started over 20 years ago with the Carter Center in a collective effort to eradicate Guinea worm disease by removing the parasite from drinking water. LifeStraw® has supported this effort with the invention of the Guinea Worm filter, a plastic pipe with a stainless-steel mesh that filters out Guinea worm larvae from contaminated water. LifeStraw® has provided over 37 million LifeStraw® Guinea Worm filters to the Carter Center and its partners for the eradication of the disease. In 2017, LifeStraw® donated 149,000 Guinea Worm filters. These were distributed in the two countries with remaining cases: Chad and Ethiopia. Filters were also distributed in Mali and South Sudan, to sustain eradication efforts.



In 1986, there were 3.5 million annual cases of Guinea worm disease in roughly 21 countries. In 2017, there were 30 cases in just two countries. Overall, if the downward trend holds steady, as expected, Guinea worm disease will soon be the second human disease ever eradicated and it will be the first one eliminated without the use of a vaccine.

## Helping eradicate sleeping sickness

Vestergaard has been a long-term partner in the fight against Human African Trypanosomiasis, also called sleeping sickness. This parasitic disease spread by the tsetse fly affects people in resource-limited settings in Africa, with more than 56 million people living at risk. The disease is almost always fatal if left untreated.



In 2017 Vestergaard donated 40,000 ZeroFly® Tiny Targets to the Trypa-NO! Partnership, a consortium of experts, funded by the Gates Foundation, working to eliminate human sleeping sickness by 2020. The ZeroFly® Tiny Targets, impregnated with insecticide, attract, trap and kill tsetse flies.

Additionally, in the Democratic Republic of Congo, one of the most challenging and heavily burdened countries, Vestergaard is enlisting its in-country partners already distributing its malaria bed nets and its LifeStraw® water filters, including IMA World Health. The existing distribution networks and highly trained staff are being activated to distribute ZeroFly® Tiny Targets faster and more cost-effectively, especially in hard-to-reach areas. This unique approach breaks down silos by co-distributing vital health tools.

## Helping victims of natural disasters

The LifeStraw® Safe Water Fund provides a means for socially-minded individuals and organizations to engage in high-impact safe water programs around the world and respond to emergencies quickly. The Safe Water Fund enables us to crowdsource contributions from individuals, non-profits and foundations which expands our ability to respond to disasters and to serve vulnerable school children around the world. The Fund is managed by New Ventures Fund, a 501-c3 public charity.

In 2017, the Safe Water Fund expanded its program work in Haiti, Kenya and India. In the fall of 2017, the Fund along with several partners, undertook a major effort to respond to the crisis of lack of safe water in Puerto Rico and the Caribbean. To date, through a combination of direct donations, Safe Water Fund support and partner organizations, LifeStraw® has provided more than 10,000 filters and purifiers to the region, covering over 153,000 people. The Safe Water Fund's direct contributions covered over 37,000 people.



Number of people reached with safe water through Safe Water Fund initiatives
18,900 Ecuador
1,300 Haiti
1,900 India
7,788 Kenya
37,123 Puerto Rico



## Reducing malaria deaths

Vestergaard has been supporting the fight against malaria since the company invented its first long-lasting insecticidal bed net in 2004. PermaNet® 2.0 is the world's most distributed and used net and the newer PermaNet 3.0, launched in 2008, is the first net with increased efficacy against the growing problem of insecticide resistance."WHO has estimated that 69% of the 663 million fewer malaria cases attributable to interventions were due to the use of mosquito nets.

To combat the threat of insecticide resistance, Vestergaard continues to innovate the next generation of bed nets and partner with the private sector and multilaterals to distribute products while making sure the company is part of the ongoing dialogue fighting disease. To bolster scientific research, Vestergaard runs a vector research lab in Ghana in partnership with Noguchi Memorial Institute for Medical Research and has developed an online tool (released in 2012) to map insecticide resistance ([www.IRMapper.com](http://www.IRMapper.com)).

In 2017, Vestergaard provided technical support and materials to ministries of health throughout sub-Saharan Africa, Cambodia, India and Vietnam in an effort to help the countries better understand insecticide resistance.




**Protecting vulnerable populations from waterborne diseases**

Vestergaard's LifeStraw® brand connects consumer sales to impacting people in developing countries through initiatives including the ongoing Give Back Program. For every product purchased, a child in need receives safe drinking water for an entire school year. We do this using our own public health

expertise and with our own staff in developing countries to provide LifeStraw® water purifiers specifically designed for schools. The program also includes ongoing on-site training, education about safe water practices and maintenance to ensure the schools and school kids have the knowledge and tools to prevent waterborne illness and stay happy and healthy. In every school we support, we make a minimum five-year commitment.

Anticipated results after 4th annual distribution scheduled in February 2018				
1,015,652	1,621	10,677	10,000+	106 M
Students with access to safe water	Schools reached	Purifiers Delivered	Follow-up visits	Liters of purified water



**Contributing resources to critical causes**

Vestergaard contributes as members of many industry organizations, including:

- Camber, Outdoor Women's Association
- National Malaria Control Programs in several countries
- Engage for Good
- European Outdoor Association
- IRAC (Insecticide Resistance Action Committee)
- Innovation to Impact
- National Institute of Malaria Research, New Delhi, India
- Private Sector Delegation of the Global Fund to Fight AIDS, Tuberculosis and Malaria
- Private Sector Malaria Coalition
- Roll Back Malaria Vector Control Working Group
- UN Women Advisory Board

**Vestergaard routinely donates funds and products to worthy causes around the world. Here are a few activities in 2017.**

**Provided funds** to support operations and support the construction of a maternity ward at the Emusanda Health Centre in Lurambi, Kakamega, Kenya.

**Donated 40,000 ZeroFly®** Tiny Targets to the Gates-funded Trypa-NO! Consortium working to eliminate Human African Trypanosomiasis (sleeping sickness) by 2020.

**Donated 15,000 PermaNet®** 3.0 bed nets for refugee camps in South Sudan and worked with the Mentor Initiative to set up a pilot study to test their effectiveness.

**Donated 149,000 LifeStaw®** Guinea Worm Filters to contribute to the eradication of Guinea worm disease.

**Donated LifeStraw® Community water purifiers** to victims of natural disasters in Puerto Rico, the Caribbean and Houston, TX.

**Donated 121,600 PermaNet® bed nets** to the Rotary Club for distribution in Venezuela and South Africa to address the resurgence of malaria in those regions.

**Donated 3,421 PermaNet® bed nets** to the Goodbye Malaria Foundation for their malaria program in Mozambique.

## COMMITMENT SUMMARY

### Responsible operations

**In 2018**, we will engage an external independent consultancy to audit the hazardous solid and liquid wastes disposal management at our manufacturing operations, to ensure we continue to seek, identify and implement improvements beyond local compliances and requirements.

**By 2020**, we will complete key environmental improvement projects for renewable energy and energy efficiency.

**By 2025**, our operations will be sourced from 80% renewable energy.

**By 2025**, 70% of our supply chain inputs will come from recycled materials.

**In 2018**, we will issue an updated, more comprehensive Employee Code of Conduct.

**In 2018**, 100% of employees will participate in compliance training developed by a premier third party training resource, Thomson Reuters.

**In 2018** we will initiate a global employee engagement survey to give employees a platform for open feedback.

**In 2018**, we will implement new guidelines for succession planning and continue to provide training to prepare staff for elevated roles and responsibilities.

**In 2018**, we will launch a new human resource management software for our Tier 1 supplier to improve their social accountabilities management.

**By 2020**, we will increase supplier training volume by 20%.

### Humanitarian impact

**Over the next 5 years**, we will bring non-pyrethroid bed nets to market to continue to lead the fight against insecticide resistance.

**In 2018**, we will prepare to scale up production of PermaNet® 3.0 bed nets to meet expected demand.

**In 2018**, we will enhance PermaNet® end user compliance with new instructions on packaging that explain how to take care of bed nets.

**By 2020**, we will establish a local manufacturing facility for our bed nets in an African country.

We will continue to make our online insecticide resistance mapping tool, IRMapper, freely accessible to support National Malaria Control Programmes in malaria-endemic countries.

**In 2018**, the LifeStraw® Safe Water Fund aims to create global partnerships with emergency response organizations, like Team Rubicon, that can support in the rapid deployment of safe water products within the first 72 hours of any emergency.

**In 2018 and 2019**, we will continue to innovate technologies to address a wider range of water contamination, including arsenic and fluoride removal.

**In 2019**, we will address the issues of safe water in the home, launching a household product that can remove microplastics, heavy metals, chemicals and microbiological contamination.

**In 2018**, we will expand our retail funded safe water programs to new countries, including looking at Nepal and the US.

**In 2018**, we will assess the possibility of using ocean plastics/ organic plastic for a few of the product components to be implemented in 2019.



