

Corporate Social Responsibility Report 2009



VESTERGAARD FRANDSEN

DISEASE CONTROL TEXTILES

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From the Desk of Our CEO



Vestergaard Frandsen has aligned its business goals with the UN Millennium Development Goals (MDGs). We are especially focused on Goal Four, reducing child mortality; Goal Five, improving maternal health; and Goal Six, halting and reversing the spread of HIV/AIDS, malaria and tuberculosis. At Vestergaard Frandsen, we believe that achieving these goals is indeed possible, and we do our utmost to ensure our lifesaving products reach those who are most in need.

In 2009, the economic crisis tightened its hold on the global business community. Nevertheless, the year also brought surprising success. According to the World Health Organization's 2009 World Malaria Report, large decreases in malaria cases and all-cause deaths in children under five in several African nations have been achieved. The data suggests that malaria control efforts have the potential to help many malaria-endemic countries reach the MDG targets of a two-thirds reduction in child mortality by 2015.

There is still a long way to go in the battle for the health of children, pregnant women and other vulnerable populations. But if we continue full speed ahead toward the Global Malaria Action Plan goal of universal bed net coverage by the end of 2010, we will continue to make the world a safer, healthier place.

In the current financial climate, investments from the growing list of companies seeking to make a positive contribution to global public health need to be more deliberate and specific. These contributions benefit not just their bottom lines, but also empower communities in developing nations.

Our business model of 'humanitarian entrepreneurship' has done both. And our approach has been honored in 2009 with the Social and Economic Innovation Award from *The Economist* magazine, and we received the 2010 *Financial Times* Social Innovation Award for Most Innovative Small For-Profit Company.

Vestergaard Frandsen has been a signatory of the UN Global Compact since 2006 and we are set to make 2010 the best year yet in terms of progress toward both the MDGs and the ten defining principles of the UN Global Compact.

A handwritten signature in black ink, appearing to be 'Mikkel Vestergaard Frandsen'. The signature is stylized and fluid, with a large initial 'M' and 'V'.

Yours Sincerely,

Mikkel Vestergaard Frandsen
CEO of the Group

Company Profile



Vestergaard Frandsen is a European-based company specialising in complex emergency response and disease-control products. The company was founded in 1957 and has since evolved into a multinational leader focused on helping to achieve the UN Millennium Development Goals.

We operate under a unique Humanitarian Entrepreneurship business model, whose 'profit for a purpose' approach has turned corporate social responsibility into our core business. Humanitarian Entrepreneurship represents our longstanding commitment delivering lasting positive change in local and global communities. Our bottom line is never just calculated in profit, but in the good our company does for the least fortunate.

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www.flickr.com/photos/vestergaardfrandsen

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www.youtube.com/user/VestergaardFrandsen

Mission Statement and Values



“With growing responsibility in global society, Vestergaard Frandsen wants to fulfil the demand for disease-control textiles.”

Innovation

Finding alternative solutions by combining both creative and traditional thinking.

Speed of Response

Working at a faster pace while displaying a high level of energy and flexibility.

Passionate People

Contributing with enthusiasm, dedication and a positive spirit.

Precision

Creating unique, science-based tools expressly designed to fit the developing world’s needs. Demonstrating commitment by delivering high quality results in line with company policies, norms and values.

Responsibility

Performing all of our duties in a highly ethical and responsible manner for the benefit of the least fortunate members of society.

Bed Net Industry Dialogue



Vestergaard Frandsen has always been a company with very innovative products, but our drive to find solutions to comprehensive problems can be equally innovative. We're proud to have been signatories of the UN Global Compact since 2006. In 2008, we became determined to take the Global Compact principles, especially those related to anti-corruption, one step further for our specific industry. Mikkel Vestergaard Frandsen, CEO of the Group, approached The Global Business Coalition on HIV/AIDS, Tuberculosis and Malaria with a request to facilitate a malaria bed net industry discussion on ways to improve industry standards. The resulting Bed Net Industry Dialogue brought together seven companies in the bed net industry committed to seeking ways to meet these goals.

During the Dialogue, two important areas were highlighted. The first included improving the Global Procurement Architecture to ensure an adequate supply of bednets to support the achievement of the Goal of Universal Coverage by 2010 and furthermore advancing several of the MDGs including Goals 4, 5, and 6. The second area was transparency and good governance, which directly advances anti-corruption aspirations of Principle 10 of the Global Compact.

The result was the Bed Net Industry Stakeholder Action Proposal, which identifies Industry Action Commitments that signatories will undertake to enhance compliance procedures, and further establishing Minimum Standard Procurement Principles which included recommendations that all stakeholders (industry, donors, procurement agents and host country governments) should commit to.

Signatories, including our company, through the Industry Action Commitments pledge to ensure commitment to general principles of business conduct which are all part of the UN Global Compact Principles. The Industry Action Commitments further laid out three areas for Industry to improve compliance which will be explained below. Vestergaard Frandsen has demonstrated commitment to globally accepted business conduct principles, including those that are outlined in the UN Global Compact. Moreover, we introduced Business Conduct Principles (BCPs) in



2008 which meet all aspects of the Ten Defining Principles of the Global Compact.

1 Compliance Training

Vestergaard Frandsen has developed an appropriate governance structure to implement and control adherence to the BCPs, and has trained staff and agents to facilitate understanding of their role in achieving compliance regarding the BCPs. A key training program held in 2009 involved our agents and distributors in Africa and the Middle East. For detailed information on these training sessions, please see page 15. Additionally, we have strengthened contractual framework agreements to secure responsible, sustainable business relationships.



2 Mechanisms for Reporting Concerns/Violations

Vestergaard Frandsen has put into practice clear compliance guidelines pertaining to the bed net industry. We have appointed an Internal Compliance Council which will be responsible for drafting any future documents and policies to be implemented in the organisation.

Any employee may report a complaint about non-adherence to the BCPs to our Chief Compliance Officer without suffering adverse consequences.

Our shared efforts can bring us one step closer to the ultimate goal of eradicating malaria.

3 Auditing and Monitoring

Our compliance team has developed an audit and monitoring approach and maintains relevant procedures to ensure adherence to the BCPs.

Vestergaard Frandsen strongly supports the Minimum Standard Procurement Principles. These principles include consistency with existing codes of conduct, compliance program, mechanisms for reporting concerns/violations, conflict of interest, transparency and monitoring and improvement of procurement guidelines. The principles were discussed with stakeholders at a meeting in NY in October 2009

and we now support further follow-up and discussions with stakeholders. With less than one year to achieve universal bed net coverage, work to expand this commitment to include donors, procurement agents, governments and other interested partners has begun in earnest. By fostering respect and cooperation among all relevant stakeholders, our shared efforts can bring us one step closer to the ultimate goal of eradicating malaria.



LEARN MORE

[Read](#) Bed Net Industry Stakeholder Action Proposal
www.gbcimpact.org/files/reports/Bed%20Net%20Dialogue%20Report-7-29-09.pdf

[Visit](#) Global Business Coalition website
www.gbcimpact.org

[Visit](#) UN Global Compact website
www.unglobalcompact.org

Human Rights



While significant progress has been made toward achieving the UN Millennium Development Goals as a whole, addressing Goal 5: improving maternal health, has become increasingly important because it is so closely interlinked with achieving the other MDGs. According to 2005 data from WHO, maternal mortality in sub-Saharan Africa has declined only 0.1% since 1990, a reminder that we have a long way to go to make Goal 5 a reality. More often than not, it is women and girls who are responsible for supporting their extended families and communities, providing food, and hauling water. As a result of these responsibilities, many women and girls are hampered in their ability to seek an education.

Vestergaard Frandsen recognizes the important role women play, especially in the developing world. We also believe that access to safe drinking water is a basic human right. To help bridge the global water gap and the gender equality gap it helps maintain, Vestergaard Frandsen has created a revolutionary, point-of-use solution: LifeStraw®. Women and girls bear the responsibility of fetching water for their families in much of the developing world and on average they walk several kilometres each day to the nearest water source. With LifeStraw® water filtration tools, families can filter water closer to home and girls can better spend their time in school, learning vital lessons to further their independence.

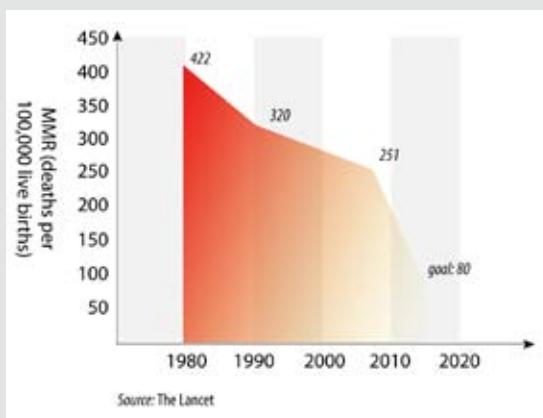
In order to take this commitment further for advocacy for women's rights, Vestergaard Frandsen will be participating closely in the Women Deliver conference in Washington, D.C. Women Deliver has a mission to end the deluge of preventable deaths that kill ten million women every generation in pregnancy and childbirth. As part of this mission, we fully support Women Deliver's aim to build and strengthen synergies among the public and private sectors to promote women's survival and well-being, their equality and their leadership.



Additionally, Vestergaard Frandsen's sponsorship of several conference events will engage policy makers, governments, UN agencies,

Worldwide Progress on Maternal Health Is Steady

A child's health and her opportunities in education and social mobility is directly tied to the health of her mother, which is why reaching 75% reduction of maternal deaths between 1990 and 2015 is so critical for achieving other interrelated MDGs.



and foundations to mobilize increased funding allocations for maternal health.

Vestergaard Frandsen is committed to improving female lives—after all, our lifesaving products are distributed mostly to pregnant women and mothers of young children. By raising awareness of women's rights and supporting discussion about the integral role women have in development, we have made strides towards making Goal 5 a reality for all women and girls worldwide.



LEARN MORE

- Learn more about worldwide progress on MDG 5
www.who.int/making_pregnancy_safer/topics/mdg/en/index.html
- Explore VF microsite for Women Deliver conference
www.vestergaard-frandsen.com/women-deliver

Donations



Whom We Funded

We have donated over \$1,000,000 USD to organisations like:

National Malaria Center Cambodia
 United Nations Foundation
 Global Business Coalition
 Against Malaria Foundation
 William J. Clinton Foundation
 Episcopal Relief & Development

Malaria Association of Ethiopia
 London School of Hygiene & Tropical Medicine
 The Carter Center
 Malaria No More

In early 2009, we opened the Emusanda Health Clinic to meet the health needs of the community members who were tested for HIV during the CarePack® Campaign. We're committed to supporting this clinic for the long term. **\$200,000**

Following-up our groundbreaking 2008 CarePack® Campaign, in early 2009 Vestergaard Frandsen completed a long-planned public health centre in the village of Emusanda, Kenya under leadership of the Kenyan Ministry of Health. We donated funds to fully equip the health facility and staff it with medical personnel, which will ensure that local residents have access to high quality medical care and counselling as a follow-up to the community-wide preventive health campaign at which residents learned their HIV status. This marks the beginning of a brighter future for both rural Kenyans who recently learned they tested positive for HIV during the campaign, and for those who tested negative.

"We're pleased to report that the campaign achieved all its goals and that the Lurambi district

is likely to be the first area of rural Africa that meets the international targets for HIV testing and counselling," said Mikkel Vestergaard Frandsen, CEO of the Group. "But because it was so successful in helping rural Kenyans to learn their HIV status, as well as providing them with the tools needed to prevent malaria and diarrheal diseases, we felt an obligation to those who tested positive to ensure that they had access to professional health care right in their own community."

The CarePack® Campaign, formally called the Integrated Prevention Demonstration, was held in Lurambi district last September. It successfully tested and counselled more than 80% of the population, reaching nearly



It took courage for thousands of men and women to break stereotypes and overcome stigma by participating in voluntary HIV testing and counselling

50,000 people in only seven days, delivering tools and techniques to prevent malaria, HIV and water-borne disease in a very brief seven days. These products were bundled in a lifesaving CarePack®, which provided a strong incentive for participation. It included PermaNet® bed nets, LifeStraw® water filters, educational materials and condoms.

The CarePack® concept is designed to provide products that last for three years without repeat intervention, which is a crucial component for cost efficiency in a rural setting.

Nearly everyone who attended the IPD took a voluntary HIV test, and of the 1,964 people who tested positive for HIV, 1,834 people were within the sexually reproductive 15-49-year-old age group. Of all those who participated in the campaign, 3% of males and 7% of females tested positive for HIV.

In order to keep HIV positive individuals healthy and avoid further progression of the infection into AIDS, persons living with HIV must receive regular check-ups, preventative care, and counselling. Emusanda Health Centre will meet this need by providing those services.



Our hopes to take the centre above and beyond routine care will be achieved in 2010, when we will expand it to include a comprehensive care centre for persons living with HIV/AIDS.

Services provided at this new wing will include a laboratory to diagnose, treat and manage opportunistic infections, provide counselling for treatment adherence and nutrition, and delivery of anti-retroviral treatment. It took courage for thousands of men and women to break stereotypes and overcome stigma by participating in voluntary HIV testing and counselling—now, they can receive the treatment they deserve in their own community to help protect their health and that of their families.

Partnerships



United Against Malaria

We entered into many interesting new partnerships in 2009, including the United Against Malaria (UAM) campaign, which is committed to raising malaria awareness and building support for the 2010 target of universal bed net coverage through football. Leading up to the World Cup, we will be giving away thousands of PermaNet® bed nets across Africa and sponsoring football clinics with celebrity footballers to educate and inform African youth about malaria. Additionally, bracelets handmade in a South African township by HIV-affected individuals desperate to lift themselves and their families out of poverty will be purchased in bulk by Vestergaard Frandsen to increase malaria prevention funding. Besides generating employment, each bracelet sold will generate approximately \$1 to the Global Fund to Fight AIDS, Tuberculosis and Malaria to finance bed net distributions in Africa.



Right to Play

Vestergaard Frandsen and the Canadian non-profit organization Right To Play will team up on a series of promotional events in April 2010 timed to take advantage of World Malaria Day.



Right to Play will host promotional events with Vestergaard Frandsen in Ghana, Mozambique and Uganda featuring professional football players holding football skills clinics for youth groups. News media, donors and government officials will be all be invited to attend, and PermaNet® bed nets will be donated at each event. Additionally, UAM/RTP/PermaNet® trading cards featuring pro-footballer images on one side and PermaNet® malaria-prevention messages on other side will be widely distributed.





UN Photo Exhibit

In 2009, Vestergaard Frandsen partnered with Malaria Consortium to further malaria advocacy and awareness through art. Together, we hired internationally known photographer Adam Nadel to travel to malaria endemic regions of Nigeria, Uganda and Cambodia, and shoot compelling images of people and communities struggling with malaria.

The resulting exhibit, "Malaria: Blood, Sweat, and Tears" will premiere at the United Nations Headquarters in New York in the run up to World Malaria Day, officially launching on April 21, 2010. The exhibition is co-organised by the Roll Back Malaria Partnership, and UN Secretary General Ban Ki-moon will be the featured speaker at the launch reception.

LEARN MORE

Visit "Malaria: Blood, Sweat, and Tears" exhibition online
www.malaria-bloodsweatandtears.com

Explore the United Against Malaria Campaign
www.unitedagainstmalaria.org

Commitment to Insecticide Resistance



Despite malaria's terrible toll on human health, mortality and the economies of developing countries, the past few years have seen hundreds of millions of bed nets distributed to help prevent the disease. However, current methods of malaria control rely heavily on the class of insecticides which is used in indoor residual spraying (IRS) and long-lasting insecticidal bed nets (LLINs). These sophisticated nets have traditionally been the most effective and efficient way to prevent the spread of malaria. Nevertheless, many mosquito species are becoming increasingly resistant to pyrethroid insecticides, decreasing the effectiveness of LLINs and other malaria-control methods. With the emergence of this serious public health crisis, Vestergaard Frandsen has taken a multi-pronged approach to insecticide resistance (IR):

1 We have taken up advocacy activities to promote IR awareness in the heart of Africa where it poses the greatest threat. In collaboration with national ministries of health, local officials and academia, our regional offices have participated and/or hosted insecticide resistance briefings for public health professionals, academia and both international and national media. So far, briefings have been held in Nigeria, Kenya and Burkina Faso, with plans to expand the program to nine more countries in 2010.

2 We have formed a public-private partnership with the Centre Suisse de Recherche Scientifique (CSRS) in Abidjan, Ivory Coast. The collaboration will consist of mosquito rearing facilities, a research laboratory where bio-efficacy testing will be conducted and a bio-molecular lab for detailed analyses of a variety of resistance mechanisms in mosquito populations. The lab will analyze current product performance and research on future product developments, as well as provide support for the insecticide resistance monitoring that may be conducted. This will include countries where PermaNet® 3.0, Vestergaard Frandsen's next generation bed net, has been distributed.

The lab will run as a special program under CSRS, which will also utilize the rearing facilities and bio-molecular lab. In the future, the research lab may be expanded to include more extensive rearing facilities and experimental huts in collaboration with Ivoirian institutions. The laboratory will be able to provide mosquito strains to local laboratories and institutions and will assist in capacity building of local and regional

scientists through training. This will benefit their countries, African science research, and economies. By offering employment opportunities to local scientists who received their education abroad, we can help ensure that these scientists and their future contributions to public health directly benefit their countries of origin.

3 We are currently collaborating with three leading African malaria research institutions to further research on IR.



> Vestergaard Frandsen's regional Middle East office is supporting the establishment of Sudan's first bio-molecular laboratory and insecticide resistance testing facility at the existing malaria research facility in Sennar, to officially open summer 2010. The implications for malaria vector control in Central and Northern Sudan are serious—establishing this new laboratory will

greatly enhance insecticide resistance research and provide keen insight on how to tackle resistance in Sudan. As the laboratory becomes operational we anticipate that it will also serve as a training centre on insecticide resistance for neighbouring countries in East Africa and the Middle East.

> In Uganda, we are supporting the creation of an insectary at the Vector Control Division of the Ministry of Health in Kampala. The insectary will be completed spring 2010, and will provide the capacity required for effective insecticide resistance monitoring. The insectary will be utilised for control programs conducted through the Ministry of Health, as well as for other research initiatives.

> We have supported the establishment of experimental huts at a field site in Niger Province in central Nigeria. This represents the first experimental hut site in the country with the world's highest malaria burden. The site will be used to evaluate new vector control tools in a local setting with resistant malaria vector populations.

Environmental Responsibility



In 2009, Vestergaard Frandsen teamed with nonprofit social venture group Acumen Fund and Richard Allan, a malaria expert and current Executive Director of the NGO The MENTOR Initiative, to create the joint venture, DART S.A. (Durable Activated Residual Textiles). In November 2009, DART launched an exciting new product, ZeroVector® Durable Lining, which can serve as a viable alternative to indoor residual spraying (IRS). Because of its long-lasting residual effectiveness, Durable Lining (DL) reduces the program complexity associated with repeated applications needed for IRS and provides an aesthetic value that is welcomed by residents. DL use eliminates the risk of adverse effects of IRS such as leakage, off-target applications and increased stewardship required for some insecticides such as DDT.

ZeroVector® DL is a thin sheet of woven shade cloth impregnated with insecticide. It can be installed on the walls of a house or hut to offer protection from diseases like malaria and dengue. In addition to inhibiting the spread of disease-transmitting vectors like mosquitoes and flies, it also controls other disease-spreading pests like ants, cockroaches, termites and bedbugs. It has several advantages over IRS, namely the fact that it is effective for three years with minimal maintenance, while IRS must be repeated every 6-12 months. DL reduces the application complexity required for an IRS campaign and DL provides improved ability for programs to identify, monitor, and evaluate treated dwellings. Additionally, DL boasts higher user acceptability.

ZeroVector®

Labour Rights



In keeping with our high standards for human and labour rights, Vestergaard Frandsen has taken steps to ensure our company does not sanction child labour, as well as all forms of forced and compulsory labour. In 2008 Vestergaard Frandsen implemented new Business Conduct Principles (BCPs), which expressly prohibits this type of activity and call for bi-annual independent audits to ensure they are upheld. To strengthen their reach, we are determined to spread these principles to as wide a reach as possible, including all subcontractors, agents and distributors.

Last year, our executive management took the BCPs to the heart of the developing world where our core sales are made and lifesaving products are distributed. There we hosted a special seminar for all agents in Kenya and Ghana, bringing together our partners in over 30 diverse African nations. A similar seminar was also conducted in Dubai for agents and distributors in the Middle East region. The day-long events consisted of a presentation, question and answer session, and team-building activities to make certain all new information was completely understood and accepted. As a follow-up, next year's seminars will include mandatory information sharing on how our agents have implemented and upheld the Business Conduct Principles in their work, including any and all improvement and training efforts.

UN Global Compact Principles



Principle 1: Protecting human rights

Provision of safe and healthy working conditions at new, state-of-the-art Cobi production facility

Principle 2: Ruling out human rights abuses

Raised employee awareness of human rights abuses involving women and girls in the developing world

Principle 3: Upholding freedom of association

Addressed workers' needs including safety and health issues, internal communication and community welfare

Principle 4: Elimination of all forms of forced and compulsory labor

Continued monitoring of supply chain and subcontractors

Principle 5: Abolition of child labor

Continued monitoring of supply chain and subcontractors

Principle 6: Elimination of discrimination

Training programs to support skills and development for all employees

Principle 7: Precautionary approach to environmental challenges

Detailed research on plan on reducing carbon footprint

Principle 8: Initiatives to promote greater environmental responsibility

Creation of DART S.A.

Principle 9: Diffusion of environmentally friendly technologies

Launched ZeroVector® Durable Lining as alternative to Indoor Residual Spraying

Principle 10: Anti-corruption measures

Initiator, participant and signatory of the Bed Net Industry Dialogue's Minimum Stakeholder Procurement Standards

This report was prepared by Vestergaard Frandsen's Communications Department. For comments or questions, please visit www.vestergaard-frandsen.com or contact media@vestergaard-frandsen.com.

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