

LAERDAL
Helping build a better society
2014



REPORT ON SUSTAINABLE DEVELOPMENT

Executive Chairman and Owner perspective

"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".



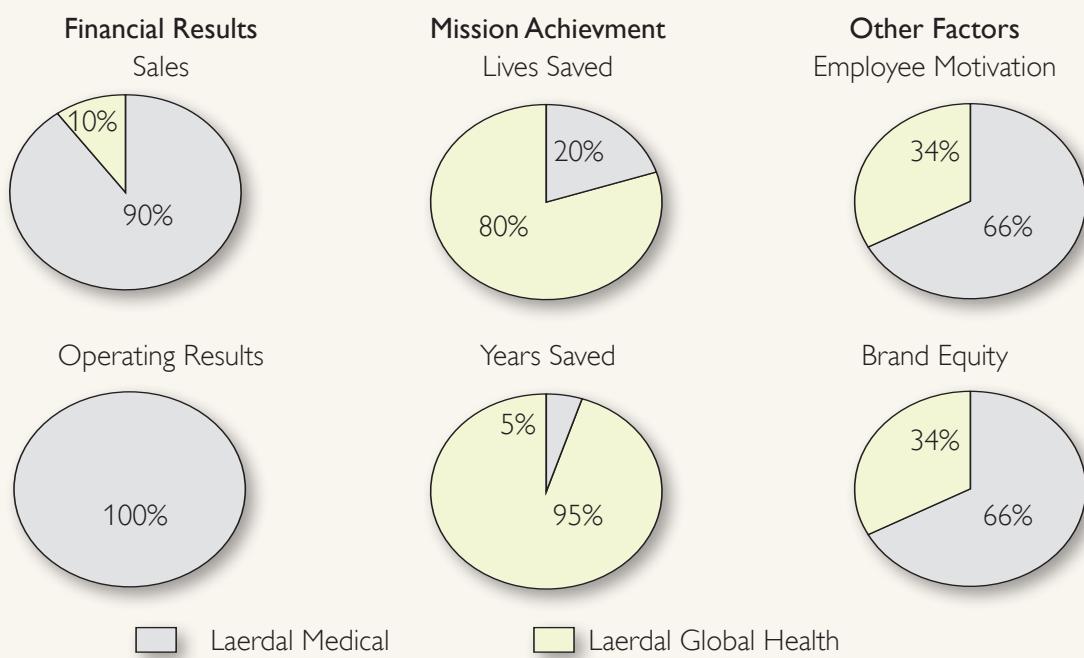
This was the guiding principle of Åsmund S. Laerdal when he founded our company in 1940. It has remained our guiding principle ever since. We are a member of the UN's Global Compact Initiative, and this report outlines Laerdal's outlook on the 10 principles regarding sustainability.

An estimated 400 million people worldwide have been taught lifesaving skills since modern resuscitation techniques were introduced in 1960; most of them using our products. An estimated 2 million lives have been saved as a result of this. There is nevertheless solid scientific evidence that current survival rates from sudden illness, trauma and birth complications can be significantly increased. Our goal is to contribute to this through innovative products and services that can enhance educational efficiency and facilitate quality implementation.

By 2020, our overall goal is to help save 500,000 additional lives each year. With strong focus, solid interaction with our partners and creativity to develop solutions to fit different customer needs, I firmly believe such a bold goal can be achieved.

Our two companies, Laerdal Medical and Laerdal Global Health, complement each other in many ways and will both contribute to our mission of helping save more lives. In addition Laerdal Medical brings financial sustainability. The investments made to establish and support Laerdal Global Health would not have been possible if it had not been for the good results achieved in Laerdal Medical over many years. While we expect Laerdal Global Health to contribute only marginally to the revenue, and in accordance with our not-for-profit commitment not contribute at all to the net income of operations, it is expected to account for around 80% of the lives saved and also to positively influence both employee motivation and the brand value of Laerdal Medical.

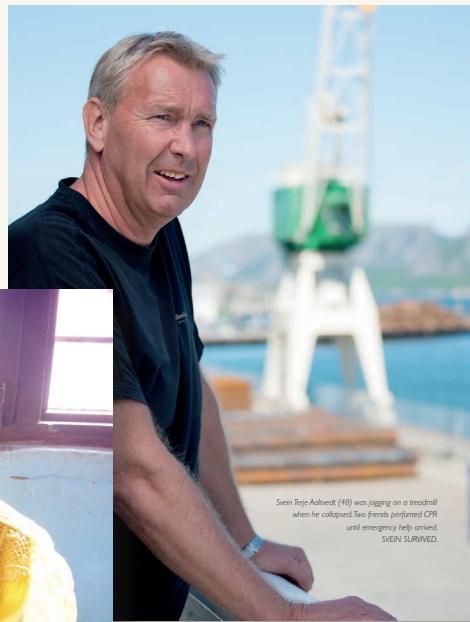
We believe our results should be measured by a balanced scorecard, including mission achievement, development of employee motivation and brand equity.



We put pride and effort into providing a safe and healthy work environment for our 1,400 employees in 24 countries. We believe employees prosper and develop by understanding the strategic direction of the company, and by seeing how we all contribute to valuable customer solutions. The annual Employee Perspective Survey confirms a strong commitment to our mission and strategy and it offers valuable input on different leadership dimensions and areas for improvement. I am very satisfied that as many as 87% of our employees use this opportunity to influence our further development.

We acknowledge and find it motivating that customers, employees and other stakeholders expect quality solutions and high standards from us. We believe that our mission of helping save lives goes hand in hand with sustainable development and fits well with the 10 Global Compact Principles. We hope this report will generate discussion, and welcome feedback that can help us in our efforts of continuous improvement.

Tore Lærdal, Chairman of the Board



Svein Teige Aarøe (48) was jogging on a treadmill when he collapsed. Two friends performed CPR until emergency help arrived.
SVEIN SURVIVED.



Baby Toyabba was not breathing when she was born. If not for the help of a Helping Babies Breath trained birth attendant, she may not be here today.
TOYABBA SURVIVED.

Contents

Sustainability

- **Our history, mission and strategy**
- **Laerdal Global Health**
 - helping save lives at birth in low-resource countries
- **Laerdal Medical**
 - model and initiatives
 - Our partners
- **Supporting research in acute medicine**

Global Compact Principles

- **Human rights**
- **Labour**
- **Environment**
- **Anti Corruption**

Goals for 2015 to 2020

Sustainability

Sustainable development relates to how capable we are in advancing technology, increasing return on capital and improving standards of living without harming the earth or depleting natural resources.

This report includes examples from both Laerdal Medical and Laerdal Global Health. Despite being structured as two sister companies with separate financial reports, we consider ourselves as one Laerdal group with the same mission.

We encourage feedback. By using the interactive link you find on www.laerdal.com, you will be able to enter your comments or input. We will review and respond to the comments on a regular basis. We aim to be open and transparent about our progress, as well as about the challenges we face.

Global Compact is a United Nations (UN) initiative that unites the UN Declaration on Human Rights with what a business can do to develop sustainable practices in practical terms. We conduct our business in accordance with the 10 UN Global Compact principles, and Section 2 of this report will show examples of how we interpret and contextualize each of them.

Our history, mission and strategy

Åsmund S. Laerdal set up his business in Stavanger in February 1940 with an initial focus on cards and books, gradually developing towards toys. Always with an eye for innovation, the company transferred in the late 1950's into the field of life saving, inspired by lifesaving pioneers as Peter Safar, James Elam, Archer S. Gordon and others. The mission was to reduce untimely death.

The Helping Save Lives mission motivates and drives our activity. "If we do the mission right, satisfactory results will follow" is the guiding principle. 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.

Through this deeply rooted mission and commitment, we have for 55 years strived continuously to develop needs-based products and solutions to meet educational and clinical needs.

The Helping Save Lives mission defines WHY we do what we do. Our strategy towards 2020 defines clear expectations on helping save 500,000 additional lives per year from 2020 and onwards. This tangible ambition further underlines the need for focusing our activities and organizational capabilities towards those areas where we believe we can make the biggest impact.

The strategy implies that by 2020 we will help save an additional 500,000 lives per year.

The improvements will be monitored through research and assessments relevant to the Laerdal initiatives and our contribution in these areas and regions.

Our Goal

helping save more lives every year

	2016	2020
Total	340,000	500,000
Higher Resource Countries	60,000	100,000
Lower Resource Countries	280,000	400,000

Laerdal Global Health (LGH). This not-for-profit sister company to Laerdal Medical was established in 2010 to help save lives on the day of birth in low-resource countries through helping train and equip large numbers of birth attendants. We believe LGH can contribute in helping save 400,000 additional lives per year by 2020.

Resuscitation. It is estimated that over 1 million people die annually of sudden cardiac arrest in high-resource countries. We believe the average survival rate can be raised from 7 % to 12 % in 2020, representing 50,000 more lives per year.

To deliver, we will have learning focused dialogue with our customers within Healthcare Education, Healthcare Delivery, Pre-Hospital Medicine, Military, Lay Public via First Aid and Professional Organisations. These are the real life-savers, and with them we can make an impact and achieve the ambition for saving 50,000 additional lives within Resuscitation in higher resource countries. Within Resuscitation, our drive will be to help rescuers to deliver quality care through all links in the Chain of Survival. We expect results will be achieved by:

- early and good chest compressions from lay rescuers
- increased Quality CPR delivered by Targeted- and First-Responders
- increased quality of both compressions and ventilations delivered by Professional Healthcare personnel.

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

Within Emergency Care, we will help to support the expansion of simulation and skills development through products and programs that show promise for good educational and patient outcomes by:

- providing healthcare professionals with tools to efficiently manage their training activities, including access to analytics that proves the value of training and its impact on quality of care
- helping the transition from medical education to clinical practice.

Laerdal Global Health - helping save lives at birth in low-resource countries

Every year, 3 million newborns and 280,000 mothers die due to birth-related complications. 99% of these deaths occur in low-resource settings. These numbers are unacceptably high and we believe most of the lives can be saved through better trained and equipped birth attendants.

LGH develops highly affordable, durable and innovative training programs and therapy products for birth attendants in low-resource countries. The products are offered on a not-for-profit basis and implemented at scale in partnership with leading global health organizations.

By helping train and equip over 1 million birth attendants in low-resource countries, we believe we can help save 400,000 more lives every year by 2020.



Financial support to helping save lives at birth

Laerdal has committed \$55 million for the 2010 – 2017 period in support of the UN Millennium Development Goals to achieve a dramatic reduction in newborn and maternal mortality. \$30 million will be used to fund Laerdal Global Health. The remaining \$25 million will be channeled through the Laerdal Foundation for awards to practically oriented research projects to reduce maternal and newborn mortality.

Innovative training programs reaching impact at scale through global partnerships

Two of the training programs already being implemented are Helping Babies Breathe and Helping Mothers Survive.

1 in 10 newborns need help to start breathing. [The Helping Babies Breathe \(HBB\) program](#) developed by the American Academy of Pediatrics gives birth attendants practical training in lifesaving measures for newborns and access to simple medical equipment. Its implementation is supported by a global public-private implementation alliance including USAID, Save the Children, National Institute of Health (NIH), Laerdal Global Health and others. In only 4 years, more than 220,000 birth attendants in 73 countries have been trained. A large implementation study, observing more than 86,000 births at 8 regional hospitals in Tanzania, showed that Helping Babies Breathe implementation reduced early neonatal mortality by 47% and stillbirth rates by 24%.¹

Every day, 800 mothers die at birth. The most common cause is profuse bleeding. Through the [Helping Mothers Survive](#) program by Jhpiego and practical training with MamaNatalie birthing simulator, birth attendants are not only taught how to handle normal births, but also how bleeding can be prevented and stopped. One year after launch, the program has been endorsed and supported by the UNFPA and world associations for midwives, nurses, obstetricians and pediatricians, and has been introduced in 40 low resource countries.

Evidence-based programs

The programs have undergone rigorous testing and research during both the development and implementation phases. Large outcome studies have been conducted for Helping Babies Breathe in Tanzania, India and Nepal and several studies are underway for Helping Mothers Survive, led by Jhpiego, the American Academy of Pediatrics, and the international professional associations for midwives and gynecologists and obstetricians.

The studies have been funded by the Laerdal Foundation, NORAD, USAID, the National Institute of Health, and others.

Partnerships are vital to Laerdal Global Health. Each year, over 2 million babies and 250,000 mothers die on the day of birth. An estimated 99% of these deaths occur in low-resource settings. These numbers give a huge potential for us to make a difference and help save lives, but in order to achieve global and large-scale impact, collaboration with partners is fundamental. LGH is a founding partner in three strategic alliances:

- **The Helping Babies Breathe Global Development Alliance**, established to support the implementation of the Helping Babies Breathe initiative. Partners are USAID, the American Academy of Pediatrics, Save the Children, and the National Institute of Child Health & Human Development.

1. Msemo et al., 'Newborn mortality and fresh stillborn rates in Tanzania after Helping Babies Breathe training', *Pediatrics*, January 2013 <http://www.laerdalglobalhealth.com/lghcontent/presentations/HBB%20Tanzania.pdf>

- **The Survive & Thrive Global Development Alliance**, established to energize critical health care interventions during the time when mothers and their children are most vulnerable - from pregnancy through childbirth, and childhood through age five. Partners are the same as in the Helping Babies Breathe alliance, plus the American professional organizations for nurses and midwives (ACNM) and obstetricians and gynecologists (ACOG).
- **The Day of Birth Alliance**, which is developing innovative solutions to address critical needs of both baby and mother on the day of birth. Partners are Jhpiego and Center for Biomedical Innovation and Design at Johns Hopkins University, Baltimore.

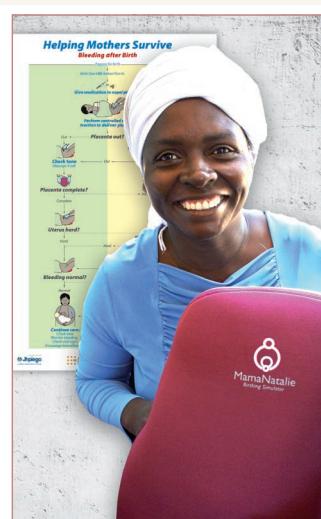


Winner of the Index: Design to Improve Life award

In 2013, Laerdal Global Health won the coveted INDEX:Award, Design to Improve Life which is a key player in the field of social and sustainable design for the global community. Not only a highly esteemed prize, INDEX:AWARD is also the largest of its kind in the world. The jury decided to give the award to Laerdal Global Health because of the innovative suite of training and therapy products the company has designed to support the training programs Helping Babies Breathe and Helping Mothers Survive.

MamaNatalie Buy One Gift One

The MamaNatalie Birthing Simulator is a highly affordable and realistic birthing simulator. It was originally designed by LGH to meet the needs in low-resource settings, but its unique features has made it a very popular simulator also in high-resource settings. In support of the Helping Mothers program, a Buy One Gift One program has been introduced: for every MamaNatalie sold in a high-resource country, a second unit is being donated for use in a low-resource country to support the Helping Mothers Survive program. More than 2000 units have been donated so far, and the number keeps on growing.



Buy One
Gift One

Raising funds for 10,000 Happy Birthdays

In 2014, Laerdal Global Health initiated to the fund raising campaign "10,000 Happy Birthdays". The goal is to train 10,000 birth attendants in Malawi and Zambia in the Helping Babies Breathe and Helping Mothers Survive programs, and thereby help at least 10,000 more mothers and newborns survive.

**10,000
Happy
Birthdays**

Laerdal Global Health will match the raised funds, up to 5 million NOK. Supporting partners include Laerdal Medical's 24 sales companies, and 50 Rotary Clubs and several events are being organized around the globe to raise funds.

All funds will go directly to the International Confederation of Midwives.

For updates, follow [10,000 Happy Birthdays on Facebook](#)

New programs under development

Building on the success of the Helping Babies Breathe and Helping Mothers Survive programs, LGH is working with its alliance partners to develop a number of complementary, new training modules targeting the other leading causes of maternal and newborn mortality. In 2014, two new modules will be launched by the Survive & Thrive alliance, i.e. Essential Care for Every Baby and Essential Care for Small Babies. Laerdal Global Health has developed affordable and realistic training simulators to support also these training programs. Together with Helping Babies Breathe, the new modules form a comprehensive training package which is expected to significantly reduce mortality in the newborn period, the most vulnerable period of a child's life.

Helping 100,000 Babies Survive & Thrive

The Helping 100,000 Babies Survive & Thrive project was launched in June 2014. The goal is to save 100,000 babies every year by scaling up the Helping Babies Survive training in India, Nigeria and Ethiopia. The project is a partnership between USAID, the American Academy of Pediatrics, the pediatric associations of Nigeria, India, and Ethiopia, Laerdal Global Health, Johnson & Johnson, the Government of Norway, and the Bill & Melinda Gates Foundation.

Safer Births

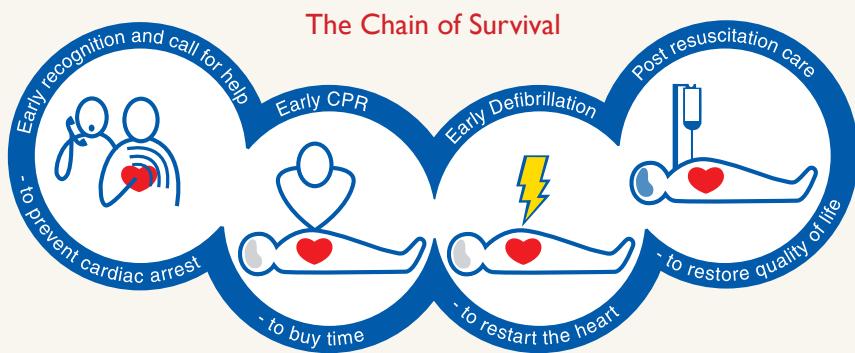
- research in Tanzania that can help save lives at birth around the globe

Together with Tanzanian, Norwegian and international research institutions, LGH has initiated the Safer Births research program at the Haydom and Muhimbili hospitals in Tanzania. The goal is to help reduce newborn mortality in both high-and low-resource countries through achieving new knowledge on how to prevent and manage birth asphyxia (lack of oxygen after birth), and based on this develop new, innovative products that can make it easier for birth attendants to make correct and timely decisions.

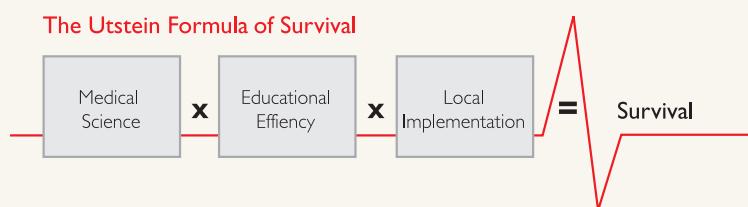
The research program engages six PhD fellows of whom three are from Tanzania. Partial funding is provided by NORAD/Globvac and the Laerdal Foundation.

Laerdal Medical - Model and initiatives

We have a holistic approach to helping save lives by devoting attention to all links in the Chain of Survival, from early recognition and call for help from bystanders to post resuscitation care at the hospital as visualized in this model;



The "Utstein Formula of Survival", visualises how survival depends on 3 factors – Medical Science, Educational Efficiency and Local Implementation. Laerdal contributes through the Laerdal Foundation to medical science. Our portfolio is developed to meet the need for improved educational efficiency. Bystander training with simplified training methods and collaboration with partners contributes to better local implementation.



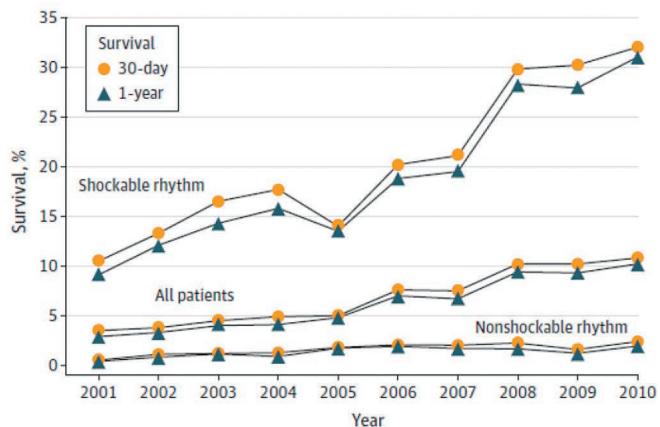
In a study in Stavanger, where bystander CPR training has been high on the agenda, researchers found that bystander CPR increased significantly from 60% to 73% between 2001-2005 and 2006-2008, as did the overall rate of survival to discharge from 18% to 25%.¹

1. Lindner et al, 'Good outcome in every fourth resuscitation attempt is achievable - an Utstein template report from the Stavanger region.' Resuscitation, Epub 2011 Jun 24. <http://www.ncbi.nlm.nih.gov/pubmed/21752541>

In Denmark, systematic bystander CPR training over a long period has significantly improved survival rates.¹

1. Wissenberg et al, Association of National Initiatives to Improve Cardiac Arrest Management With Rates of Bystander Intervention and Patient Survival After Out-of-Hospital Cardiac Arrest. JAMA, October 2013.

Figure 3. Survival Following Out-of-Hospital Cardiac Arrest, 2001-2010



Facilitating large scale CPR training

Without bystander CPR, chances of survival drop by 7-10% per minute after respiratory or cardiac arrest. And since ambulances typically take more than 10 minutes to get to the patient, chances of survival are low especially without bystander CPR. 70 percent of sudden cardiac arrests happen in the home and the typical patient is a male over 65 years of age. So the most likely bystander is a spouse, family member or friend and there is a need to train more of these.

To help address this need, Laerdal has developed a low-cost training kit, (MiniAnne Plus Kit) 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 has launched a partnership with the British Heart Foundation to implement a community CPR program, using a unique MiniAnne Plus kit. More than 20,000 kits will be delivered in the first 6 months of the program, providing thousands of chances for training in CPR.

In Sweden, a partnership with the Swedish Resuscitation Council has also seen the development of community CPR training kits, to further extend the possibility of CPR training across Sweden.

In Germany a world record was set in September 2013 in Muenster. An impressive 11,840 school-children learned to perform CPR ("Check – Call – Pump") with Laerdal Medical's Mini Anne manikin.

We will continue to collaborate with local partners to develop community based programs, which contribute to society and have an impact on Helping Save Lives.



Transition to Practice – better preparing student nurses for practice

Studies shows that newly graduated nurses starting practice are not as competent and confident as they should be. This causes:

- higher error rates (There is data suggesting that mortality rates increase 7-8% during the periods when new graduates start practice)
- Lower staff retention. In the US, on average, 18% of newly graduated nurses quit within 12 months because they don't feel competent enough to do their job.

In collaboration with the US National League for Nursing and Wolters Kluwer Health, we have developed the **Acceleration to Practice program** to address this.

This program consists of six modules based on competency categories including Communication, Clinical Knowledge, Clinical Reasoning, Management of Responsibilities, Professionalism and Technical Skills. Using a blended learning model, called the Circle of Learning, the **ATP program** supports multiple learning strategies such as cognitive knowledge, psychomotor skills, reasoning skills, and teamwork, and supports performance improvement in actual clinical settings – leveraging training materials for real-world use. Patient simulation is an important tool in this, and is a vital element to helping nurses become more competent and perform better after graduation.



Our partners

We believe that achieving our strategic goal of helping save 500,000 more lives each year by 2020 depends on collaboration with partners. Through effective collaboration we can learn more, have more impact and ultimately, help save more lives. Laerdal Medical global strategic partners include:

- **The American Heart Association (AHA)**, America's largest voluntary organization devoted to fighting cardiovascular diseases and stroke. Laerdal collaborates with the AHA on many projects – for example CPR Anytime, where we have jointly distributed 1 million kits, the new CPR in schools program and the Heartcode eSimulation courses.

- **The American Academy of Pediatrics (AAP)**, an organization of 60,000 pediatricians committed to the optimal physical, mental, and social health and well-being for all infants, children, adolescents, and young adults. Collaboration with the AAP enabled the joint development of products like SimNewB, which meet the specific training requirements of neonatal emergency care and resuscitation courses. Such products support programs like the Neonatal Resuscitation Program, an educational program for training hospital staff caring for newborns. The AAP have also been instrumental in Laerdal Global Health activities, being the key partner for Helping Babies Breathe.
- **HealthStream**, a company dedicated to improving patient outcomes through the development of healthcare organizations' greatest asset: their people. Laerdal works with HealthStream to deliver our SimCenter simulation management system platform and distribution of the Heartcode courses.
- **The National League for Nursing (NLN)**, the leading membership organization for nurse faculty and leaders in nursing education. Laerdal is its strategic partner for patient simulation training.
- **Philips**, a diversified health and well-being company, focused on improving people's lives through timely innovations.
- **SAFER** (Stavanger Acute medicine Foundation for Education and Research) was established in 2005 as a co-operation between the University of Stavanger, Stavanger University Hospital and Laerdal Medical.

Over 3000 health care workers were trained at SAFER in 2013, and the centre is playing an increasingly important role in an international network for patient simulation. Six PhD fellows are currently conducting research at SAFER, all with financial support from the Laerdal Foundation.

Laerdal benefits from alliances through co-branding and a better insight in customer needs and requirements. For our partners, an alliance with Laerdal helps them in achieving their mission by providing them with products and services that fit with their activities.

Supporting research in acute medicine

Beyond the company's own research, Laerdal contributes to practically oriented research through donations to the Laerdal Foundation, and support to the SAFER simulation centre.



Laerdal Foundation

helping save lives

www.laerdalfoundation.org

This Foundation was established in 1980 in collaboration with the University of Oslo. In subsequent years the Foundation has received donations from the company. In 2004, the Laerdal family donated the company's facilities in Stavanger; comprising 24,000 m², to the Foundation, for which the company is paying a rent per year of about NOK 18 mill (USD 3 mill). This has enabled the Foundation to significantly increase annual awards.

Since 2010 the Foundation has provided annual grants totalling up to NOK 40 mill (USD 6.7 mill), and earmarked 50 percent of the grants for projects related to UN Millennium Development Goals (MDGs) 4 and 5.

Global Compact Principles

The sister companies Laerdal Medical and Laerdal Global Health are joint members in the Global Compact and work systematically to implement the 10 Global Compact principles within each of the four issue areas. The following pages provides examples on how we based on this commitment live by each of the 10 Global Compact Principles;

Human rights

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

The Laerdal Code of Conduct describes our position towards internationally proclaimed human rights both within the company and how we run our business within the value chain.

Our employees are our resource, and we ensure that they all are treated 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 the Code of Conduct we underline that implementation of, and adherence to, the workplace standards contained in the Code will help guarantee basic human values in the workplace.

The Laerdal Code of Conduct underlines the companies 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 assure improvements within areas where local specific needs are identified.

In Gatesville in 2014 we focused on preventing hazards and introduced our "Changing the Way We Think About Safety Program". This program emphasizes reporting near misses. We needed to change away from a behavior-based approach to safety to a more proactive approach to hazard elimination. The best approach to reducing injuries is to identify, eliminate, reduce and prevent hazards. If near misses are not reported, the hazards go unidentified and unaddressed. It's hard enough to fix hazards we know about; it's impossible to fix hazards we don't know about.

In 2013 seven incidents were reported; so far this year we have over 20 reported and all have been addressed.

In Monterrey the drive this year has been to improve working conditions, specifically on safety. A major change made in 2014 has been weekly tours, to identify unsafe acts and conditions, and integrate the findings of these paths in a list of actions to be monitored and with initiatives to reduce risk.

Monterrey has in 2014 been able to reduce the number of days lost by accidents significantly. This continues the positive development over the last years, and contributes to a zero accidents per year goal for 2015.

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

Laerdal has manufacturing sites in Stavanger in Norway, Suzhou in China, Monterrey in Mexico and Gatesville in the US, plus sales offices in 24 countries worldwide. When selecting external suppliers 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, globally shared standards and in alignment with the Laerdal values.

Collaboration with suppliers

Laerdal has more than 800 suppliers across the world. They are important partners in reaching our mission of helping save lives. Our supplier base ranges from large international organisations 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.

Transparency in our supply chain is important to us. Our Supplier Code of Conduct sets the standard of how we expect our suppliers to treat the workers and protect the environment. We strive to ensure compliance through close communication with our suppliers, including visits and audits.

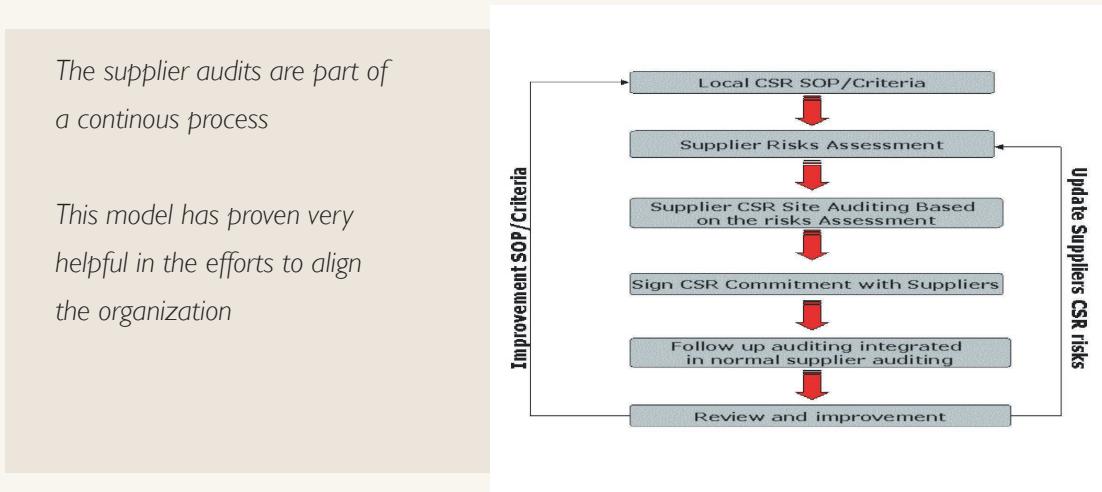
Many of our suppliers have been trusted partners over several years. In our manufacturing site in Suzhou, China, we provide regular CPR training to some of our suppliers. In Norway, some of our suppliers provide vocational rehabilitation services to disadvantaged people. They all provide components and services at competitive level.

Evaluation criteria and standards for suppliers in China

In the spring of 2009 a project was initiated to verify acceptable social and environmental performance and to further strengthen the relationship with our suppliers. In order to align with international good practices we sought inspiration from "The Guide for Integrating Human Rights into Business Management", produced jointly by the Business Leaders Initiative on Human Rights (BLIHR), the UN Global Compact and the Office of the UN High Commissioner for Human Rights (OHCHR). In addition, we identified what are believed to be the most significant risks in China, in our industry. Four representative suppliers for Laerdal Suzhou were subsequently visited by the project group.

We were pleased to find acceptable standards among all selected suppliers. Still, some improvement areas were identified for follow up. The audit also proved the value of cooperation and regular meetings with partners in developing a shared perspective.

These experiences from China have been shared with the Mexican organization and steps taken to adapt the global standards and methodology towards key suppliers as the business is growing. This developed process can be summarized as follows:



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 a must to maintain a focused and developing organization. The Laerdal Code of Conduct states in the "Freedom of association" section:

"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."

In Laerdal our employees have selected different solutions with respect to creating and joining a union or not.

In Suzhou, China manufacturing, Manufacturing Suzhou established a union in 2008. All union members were elected by employees in an employee meeting. 60% of the union members are from the workshop. The union members have meetings every second week to collect feedback from all employees, and have regular dialogue with company representatives. The union is considered a valuable communication bridge between company and employees.

In Monterrey, Mexico manufacturing, a union was formed when the site opened in 2007. The employees have selected their own representatives who meet with the company leadership on a regular basis. In addition, the central union has a member who meets at the factory once a week. This representative has direct contact with the workers, as well as with Laerdal Medical Mexico representatives, making the dialogue open and fruitful for both parties.

In Stavanger, Norway, 4 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 Japan sales office, a union was formed in 2007. The company holds a regular meetings with the union. Information is discussed, along with HR matters such as organisational structure changes, changes in HR policies and procedures and workplace environment issues which may impact the employees. The approach to the union is to work together to make Laerdal Medical Japan (LMJ) a better place to work, and make better solutions for both LMJ and the employees.

In other sales offices, our employees have not decided to join a union, though have direct dialogue with the managers on topics of interest.

In Gatesville, US manufacturing, a Safety Committee was established in 2009. To stimulate sound deliveries on safety related policies, to analyze data from previous periods, and where needed make recommendations for change. A member of the Safety Committee leads quarterly safety inspections. Department representatives participate in the inspection of their departments. The inspections focus on physical and unsafe acts or operations. Safety training sessions educate team members about changes in procedures, and address specific areas of concern identified by the inspections. Additional training services are provided as necessary, prompted by factors such as high frequency of accidents, turnover of employees, or expansion or reduction in staff.

An annual Employee Perspective Survey

In addition to regular meetings with employees, and their representatives, the company conducts an Employee Perspective Survey (EPS) on a global basis. The survey was introduced in 2007, and is being repeated every year. 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. We are encouraged by the increasing interest to take part in the survey. Participation has increased from 72 percent in 2007 to 86 percent in 2008 and to 87 percent in 2009). As of 2013 we have been able to maintain this high participation rate year on year.

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

As well as selecting our suppliers on commercial terms, selection processes 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 circumstances be used.⁴

Laerdal Medical in Texas uses OnShore Resources as a strategic supplier for cable and speaker assemblies. OnShore Resources is located in Texas inside a prison, specializing in labour-intensive manufacturing and operating as a participant in the Prison Industry Enhancement Certification Program (PIECP). The U.S. Congress created PIECP in 1979 to encourage states to provide employment opportunities for inmates that approximate private sector work opportunities. All PIECP employees earn a prevailing wage, which is the wage paid in the surrounding local community for similar work. Research shows that the vast majority of inmates who participate in PIECPs and acquire marketable skills do not return to prison, and successfully reintegrate into society.

Audits conducted by Laerdal showed that the supplier met all our standards pertaining to labor rights, wages and human rights. All interviewees assured us that jobs were completely voluntary. We saw copies of applications and received strong stories that work is not only done voluntarily, but is considered the highlight of the day. During the audit, OnShore Resources' employees identified many benefits on their own behalf, such as having 'a meaningful purpose'.

For more information about OnShore and the workforce, follow the link;

<http://www.onshore-resources.com/index.html>

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

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

A factor that simplifies monitoring both among our own employees and among suppliers is the locations in which we work within specific countries. Both in the Monterrey area in Mexico and in the Shanghai/Suzhou area in China, child labour generally constitutes a very small problem. However, we will continue to monitor this solidly to assure we stay within the age limit of 16.

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

Laerdal Medical 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."

Affirmative Action Program in the US

To ensure a fair recruitment process and equal opportunities regarding career advancement, we have an Affirmative Action Program in the US. As a federal contractor we are required by federal laws that govern Equal Employment Opportunity and Affirmative Action to comply and report on an annual basis, our employment population by race and gender in various categories of employment and how those numbers fluctuate from year to year through recruitment, termination and promotional activities.

EQUAL EMPLOYMENT OPPORTUNITY

Laerdal is an equal opportunity employer and will not discriminate on the basis of race, creed, color, gender or gender identity, religion, national origin, citizenship, age, ancestry, marital status, disabilities or perception of disabilities, military or veteran status, political activity, actual or perceived sexual orientation, or other protected class status. Further, Laerdal seeks to affirmatively advance the principles of equal employment opportunity. In order to provide equal employment and advancement opportunities to all individuals, employment decisions at Laerdal will be based on merit, qualifications and abilities.

In Norway we have about 400 employees, among whom we have 37 nationalities represented. This openness to recruit people from all nations distinguishes Laerdal from other companies offering an opportunity to find solid and motivated employees which some other companies do not see as equally qualified as we do in a tight labor market in Norway.

For Laerdal this recruiting approach helps to build competence, tolerance and is believed to help when Laerdal enter other markets and countries.

Environment

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

Environmental Impact - REACH

Laerdal strives to continually improve the environmental impact of our products through sustainable development. To achieve this goal, Laerdal established and implemented an Unwanted Substances Specification in 2006 that covered the regulations and directives restricting the use of hazardous chemicals in consumer products. Included were the European REACH (Registration, Evaluation and Approval of Chemicals) regulation as well as the RoHS Directive, a CE directive, which applies to all electrical and electronic consumer products carrying a CE mark.

The REACH regulation was established to reduce the potential risks of hazardous chemicals to human health and the environment. This is achieved by constricting the use of chemicals to registered applications as well as by reducing the levels of hazardous chemicals by regulation. ECHA, the governing body in the EU for the REACH regulation, regularly updates the list of chemicals which are being evaluated for potential restriction, the SVHC or Substances of Very High Concern. Manufacturers are required to evaluate their products for all chemicals contained on the SVHC in concentrations above 0.1%. In addition to the SVHC, the REACH regulation restricts the use of many chemicals.

Although the RoHS directive applies to electrical and electronic consumer products which carry a CE mark, the requirements apply to all components, not only the electrical ones. RoHS regulates 6 substances - 4 heavy metals and 2 flame retardants.

Both RoHS and REACH help improve the sustainability of consumer products by reducing the amount of hazardous waste as well as reducing the potential health risks.

As a further step to ensure compliance of Laerdal products with these regulations, Laerdal Product Development along with Supply Chain and Manufacturing has initiated a project to establish a manageable process for obtaining declarations of compliance from our suppliers. Through a close collaboration with our suppliers, we will document compliance to REACH

and RoHS and instigate change processes as necessary to ensure that Laerdal products always fulfill the expectations. Documentation of compliance will be traceable to each supplied part in our electronic Product Lifecycle Management System, providing a powerful tool for calculation of compliance for a given product or product line.

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 and in the production process and to reduce emissions to air from our activities.

Environmental impact – Greenhouse Gas Accounting

Since 2010, we have mapped our CO₂ emissions in areas such as outbound freight, manufacturing plant energy consumption and to an increasing extent on business travels. Various CO₂ reducing efforts have been initiated in these areas, for example initiatives to move a larger portion of our outbound goods transport from air transport to boat and truck.

In 2010, 18% of the transport need (weight-distance) was covered by air transport; in 2013 the figure was reduced to 13%.

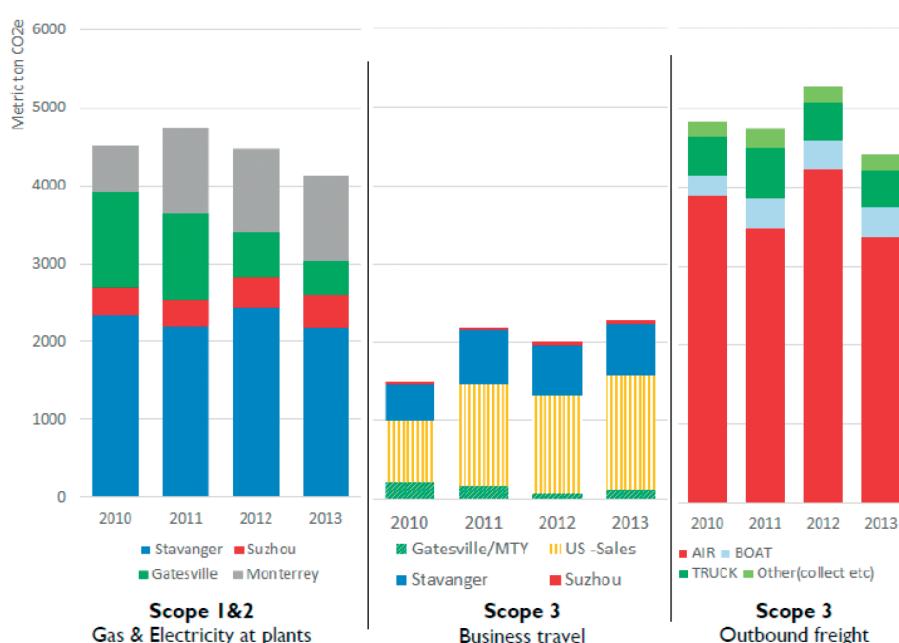
The total emissions for the organisational units and emission scopes included in the 2013 greenhouse gas inventory show an 8% reduction in overall CO₂ emissions from 2012 to 2013. In 2013, the total measured emissions were in the range of 11,000 metric ton CO₂. In the same period net sales have increased by 1% and total outbound shipment weight has decreased by 2%.

Other initiatives have focused on reducing plant energy consumption. We have reduced the total energy need at our four manufacturing plants by 8% since 2010. We have also arranged a company-wide environment awareness week, motivating employees to act environmentally friendly in daily work.

The 2013 Laerdal Medical Greenhouse Gas Accounting Report can be accessed at www.laerdal.com.

		Portion of all employees in organizational units included	2010	2011	2012	2013
Scope 1	Gas consumption at manufacturing plants	56%	1287	1362	1313	1144
Scope 2	Electricity consumption at manufacturing plants	56%	3228	3388	3164	2979
Scope 3	Business travel from manufacturing plants and New York sales office	72%	1503	2188	2011	2279
	Outbound freight estimate for all organizational units.	100%	4826	4732	5280	4409
	Total	10843	11670	11768	10811	

Table 3



Stavanger Facility improvements

To reduce overall energy consumption for the facility in Stavanger, including both the factory and offices, we initiated an investment in 2013 to install new heat pumps, ventilation and cooling systems for the building. The installations were completed in Q1 2014, and will reduce of energy consumption (electrical power) by 17% - 1.46 Million KW for an average year, and furthermore.

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:

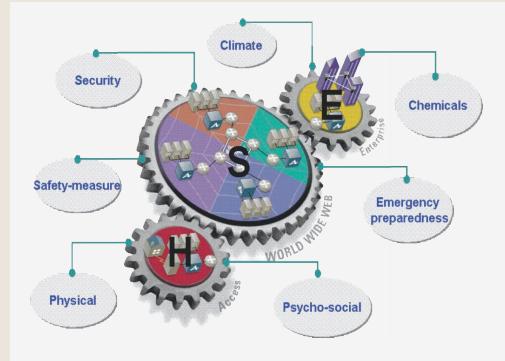
Business and industry policies and operations can play a major role in reducing impacts on use of natural resources and the environment. Laerdal is committed to doing business in an environmentally responsible manner throughout its entire manufacturing and distribution chain and network. Laerdal shall 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.

One such initiative is to align practices for safe handling of chemicals. 'Think globally, act locally' is the guiding principle here as in other areas. The initiative includes participation and involvement from all production facilities: Suzhou, Gatesville, Monterrey and Stavanger.

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.

Key HSE elements at Laerdal

Even though we focus on environment in this report and how we work to identify risk, we believe the best results are achieved if they are all considered in parallel, and initiatives are taken globally to align experiences and to identify best practices.



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

Laerdal's main driver will always be to provide positive impact to our customers. We believe this is best achieved when focusing on new technologies and opportunities which assure 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 guidances for achieving a good environmental profile.

Examples of this philosophy are given under principle 8. For Laerdal, two areas which can have positive impact on the environment are the level of scrap plastics in production as well as energy consumption. Initiatives have been taken globally to reduce the levels of scrap at all production sites and to optimize production lines with focus on energy-use. Details of these initiatives are described below:

Manufacturing Scrap reductions:

Effective use of raw materials has been 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.

For the two factories in Monterrey and Gatesville, we have realized a 50% reduction in the volume/weight of scrap manufactured, equal to a 58% reduced cost of scrap.

For Stavanger Manufacturing there has also been a major reduction in scrap volume. From 2011 to 2013 we have a reduction in scrap value of more than 50%, which is in most part related to raw materials/molded plastics. From 2012 to 2013 the scrap value was down 35%, and as an example we have a reduction in waste from scrap of 38% for PVC material in the same period. Since PVC is the main raw material we use, the reduction contributes to both reduced energy consumption, reduced usage of materials per manufactured product, and also reduced waste.

Gatesville/Monterrey factory restructuring and optimization

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. As of July 2013 we shut down the molding operation in Gatesville, realizing a reduction in overall energy consumption for the two facilities. For Gatesville, there is a reduction in power consumption (gas and electricity) of approximately 50% from 2011 to 2013, and approximately 35% from 2012 to 2013. The power consumption in the Monterrey facility has remained stable from 2011 through 2013, hence this is a real reduction for our combined factories.

Looking ahead, a planned restructuring of our plant and buildings in Gatesville will also contribute positively in several areas. We have estimated that the initiative, connecting two buildings, and demolishing a total of 4 old buildings, will give an estimated reduction in utilities for the total site as follows:

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

Assumptions include moving people from old energy inefficient buildings to efficient new buildings. The current plan is to have the new Gatesville plant/building structure finished early Q1 2015.

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 such parties 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 emphasises 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.

The code in practical terms

Brian Reilly holds the position of Sales Manager in the Middle East / Eastern Europe and has been with Laerdal for 27 years. In some of the countries in which he operates, a normal European business model is not always adhered to. Still he manages to work in accordance with our standards and consistently produce good results in an area where Laerdal does not have direct control in its dealings with the many customers that purchase its solutions.

"How do you work to follow through according to the standards?", we asked Brian.

"It is not easy with all the various aspects of competition in operation, but a consistent policy of honesty and a focus on customer needs has supported us and our distributors in maintaining a sound base and a reputation for giving value for money."

"I am privileged to work for a company where the name and reputation is worth more than any business transaction, and although this may be difficult for some of the individuals he has encountered to understand, it certainly provides him with a clear and consistent pathway in all his dealings."

"Our ethical stance in these matters has on occasion led to delay in the purchasing decision, where I discovered that it was difficult for them to accept that honesty was not just a tool for brokering better personal terms. This happened recently during a very large tender process where certain parties wanted to bypass our Distributor and for us to deal directly through them. It was only our Laerdal Code of Conduct and our Laerdal Values that supported





me through this very difficult and stressful negotiation. They tried every avenue to achieve their aims, including hints of personal financial advantage, insinuations that I was benefitting financially from others, and trying to bypass me by trying to source our products from other Laerdal sales offices. All of the aforementioned failed due to my continuous dialogue with my immediate superior and his support, and being guided by our values and Code of Conduct."

Sustainability goals for 2015 to 2020

From a Sustainable development perspective, we have selected to follow up on the following goals in the coming period;

Helping Save Lives

Help save an additional 500,000 lives per year within 2020, evidence by document through reporting and research. Ref. page 7 for further details.

Health and safety - goals for 2015

Site	Target for Days lost due to accidents ¹⁾		Other focused targets
	Status end Q2 2014	Target 2015	
Stavanger	0	0	Complete 100% substitution of chemicals on the CMR list ²⁾
Suzhou	3,5	0	
Gatesville	0	0	Complete study and define plan for substitution of chemicals on the CMR list
Monterrey	19	0	

All sites focus systematically on safety and particularly improving near miss/hazard situation reporting, and implementation of corrective and preventive actions. Ref page 17 and 18.

1) All sites have good progress and very few Days Lost due to Accidents (DLA). Monterrey have realized significant improvements the last years after implementation of new processes and follow-up mechanisms towards the goal of 0 DLA in 2015. Ref. page 18

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

Minimizing environmental impact

Reduce the proportions of shipment by air by 5% within 2015 through better planning and more final assembly locally based on customer needs. Ref. pages 25-26 for further details

Laerdal and GRI G4.

This report contains Standard Disclosures from the GRI Sustainability Reporting Guidelines. In the process of implementing the Global Compact principles we believe that reference to an internationally accepted reporting standard is important – how we work, set targets and measure our results should be transparent and comparable.

We have chosen both indicators and scope of indicators based on degree of materiality to our sustainability performance.

The reporting below is related to the period 2013/2014.

Global Compact Principle	GRI Disclosures	Page in report	Fulfilment
Principle 1 and 2: Human Rights	G4-HR9	p. 18	Partially
	G4-HR10	p. 18	Partially
	G4-HR11	p. 18	Partially
Principle 3-6: Labour	G4-HR4	p. 18	Partially
	G4-HR6	p. 21	Partially
	G4-EC6	More than 95% of senior management at the 24 locations are hired from the local community.	Fully
	G4-LA1	p. 22-23	Partially - not broken down
	G4-LA12	p. 22-23	Partially- not broken down
Principle 7 – 9: Environment	G4-EN3: Energy consumption within the organization	p. 25 and 27	Partially
	G4-EN15-17	p. 24-25	Partially
	G4-EN19	p. 24-25	Fully
	G4-EN27	p. 26-27	Partially
	G4-EN29	No significant fines as result of environmental breaches	Fully
Principle 10: Anti-corruption	G4-SO4	p. 28-29	Partially
	G4-SO5	Zero incidents of corruption	Fully

