

# Annual Report 2019

CVR no. 21518018  
Hempel Foundation  
Amaliegade 8  
DK-1256 København K  
Date: 02.04.2020  
Chairman: Richard Sand

# Contents



4	The Hempel Foundation	23	Science	48	Business-related activities
6	Management's statement	26	Nature	52	Hempel A/S Letter to Stakeholders 2019
7	Board of Trustees	33	Donations by application	54	Independent auditor's report
8	Strategy & approach	38	Good initiatives that live on	56	Financial statements
10	Year in review	42	New strategy for Hempel Glass Museum		
12	Education	45	Foundation governance		

---

#### The Foundation

Hempel Foundation  
Amaliegade 8  
1256 Copenhagen K  
Denmark

Tel: +45 4527 3074  
Fax: +45 3315 6044

CVR no. 21518018  
Financial year: 1 January – 31 December

---

#### Board of Trustees

Richard Sand, Chair  
Leif Jensen, Deputy Chair  
Kim Dam-Johansen  
Birgitte Hagemann Snabe  
Lars Aaen  
Britt Meelby Jensen  
Claus Juul Petersen, Elected by the employees  
Henrik Bach Falkenberg, Elected by the employees  
Andreas Glud, Elected by the employees

---

#### Executive Management

Anders Holm  
Executive Director, Grant Areas and Administration

---

#### Auditors

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Strandvejen 44  
DK-2900 Hellerup  
Denmark

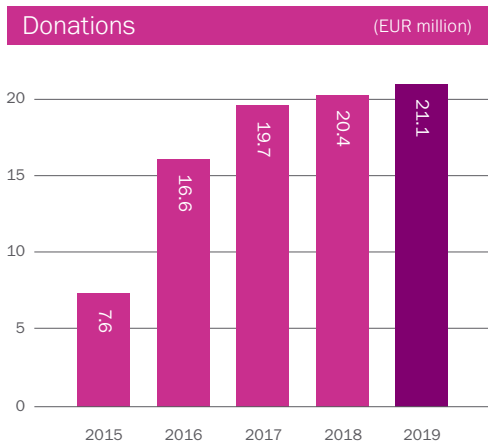


*Sleeve photo shows Rio Pastaza in Ecuador,  
which flows in the corridor between  
Sangay and Llanganates national parks.*

# The Hempel Foundation

Owner of the Hempel Group  
and **dedicated to making  
a positive difference**

Tall Ships Races in Aarhus, Denmark



**61** organisations supported in 2019

**The Hempel Foundation** is a commercial foundation dedicated to making a positive difference. The Foundation is the sole shareholder of the Hempel Group – a world-leading supplier of coatings – and a committed philanthropist within the fields of education, sustainable coatings technology and sustaining biodiversity.

The Hempel Foundation was established by Jørgen Christian Hempel, the founder of the Hempel Group, in 1948. Its main purpose is to provide and maintain a solid economic base for the Hempel Group. The stability of ownership ensured by the Foundation provides a long-term framework for the continued prosperity of the Hempel Group. The Hempel Foundation's secondary purpose is philanthropic: To make a positive and sustainable difference around the globe, based on the principles set down in the Foundation's trust deed.

Within our philanthropic work, we have a strategic focus on three areas. Firstly, empower-

ing children living in poverty to learn. Since 2011, the Hempel Foundation has initiated projects supporting quality education for 180,000 children. 120,000 of these children are in projects that are currently either ongoing or being developed.

Secondly, we facilitate scientific research into coatings technology. Coatings extend the lifetime of man-made structures and equipment or give the coated surface a certain function or look. Through our support, we want to help make coatings more efficient and more environmentally sustainable for the benefit of the industry and the common good.

Finally, we work to sustain the planet's valuable biodiversity. Since 2019, we have formed partnerships to sustain some of the planet's most important and valuable nature and are striving to raise awareness of one of humanity's biggest challenges.



## About Hempel A/S

Hempel's coatings protect and decorate man-made structures, equipment and homes. The company operates in more than 80 countries, and has over 6,300 employees, 28 factories and 15 R&D centres around the globe.

### Dividends from Hempel A/S

Hempel A/S is 100 per cent owned by the Hempel Foundation. All dividends from Hempel A/S are ultimately paid to the Foundation and used partly as a financial reserve for Hempel A/S and partly for philanthropic donations.

No person or entity owns any part of the Hempel Foundation, which is a self-owning entity. Therefore, no individual shareholder receives any dividends or profit from the Foundation.

There is no link between the commercial interests of the Hempel Group and the philanthropic activities of the Foundation. However, Hempel A/S is by far the principal source of income for the Foundation. Therefore, in the long term, the better the performance of Hempel A/S, the more dividends are paid to the Foundation – and the bigger the impact of the Foundation's philanthropic work.

# Management's statement

Kgs. Lyngby, 2 April 2020.

The Board of Trustees and the Executive Management have today considered and adopted the Annual Report of the Hempel Foundation for the financial year 1 January – 31 December 2019.

The Annual Report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Foundation's financial statements give a true and fair view of the assets, liabilities and financial position at 31 December 2019 of the Foundation and of the results of the Foundation's operations and cash flows for 2019.

In our opinion, Management's Review includes a true and fair account of the development of the

Foundation's operations and financial affairs, the profit for the year and the Foundation's financial position together with a description of the principal risks and uncertainties that the Foundation faces.

The Annual Report has been submitted for adoption at the Board Meeting.

## Executive Management



Anders Holm  
Executive Director,  
Grant Areas and Administration

## Board of Trustees



Richard Sand  
Chair



Leif Jensen  
Deputy Chair



Kim Dam Johansen



Birgitte Hagemann Snabe



Lars Aaen



Britt Meelby Jensen



Claus Juul Petersen  
Elected by the employees



Henrik Bach Falkenberg  
Elected by the employees



Andreas Glud  
Elected by the employees

## Board of Trustees

**Richard Sand**  
*Chair*



**Leif Jensen**  
*Deputy Chair*



**Kim Dam-Johansen**



**Birgitte Hagemann Snabe**



**Lars Aaen**



**Britt Meelby Jensen**



**Claus Juul Petersen**  
*Elected by the employees*



**Henrik Bach Falkenberg**  
*Elected by the employees*



**Andreas Glud**  
*Elected by the employees*



## Executive Management

**Anders Holm**  
*Executive Director,  
Grant Areas and Administration*



Information about each Board member's background, competencies, election period, etc. can be found at [hempelfoundation.com/Hempel-foundation/Board-of-Trustees](https://hempelfoundation.com/Hempel-foundation/Board-of-Trustees)

# Strategy & approach

Our role in philanthropy

**The Hempel Foundation** is committed to ensuring that our funds are used to achieve high impact. For us, high impact means to work for powerful, positive and lasting change.

High impact is not achieved by money itself. We believe that the way we work and our approach can make a big difference – and the better we do, the more impact we can have. To achieve high impact, we believe it is essential to have a strategic approach to philanthropy with ambitious targets against which results can be assessed. Therefore, our work is guided by an overarching strategy as well as sub-strategies specific for our three strategic focus areas.

Within all our philanthropic work, we collaborate closely with partners. Our role is to support these institutions and organisations, to help them achieve amazing results for children, science and nature. We achieve nothing without their hard work and dedication.

“For us, high impact means to work for powerful, positive and lasting change”



To achieve high impact in our projects we are especially concerned with:

### Scalability and cost effectiveness

Our projects should always contribute to broader change which requires that the applied solutions or models developed can be scaled and replicated in other locations.

### Impact

Projects begin and end, but our results should continue to have an impact after our engagement has finished. To this end, we must identify the barriers to long-lasting change and how to break them.

### Learning

Our projects often include the development or testing of new approaches, and we evaluate and share learnings to improve our future performance. To this end, we must be clear on the results we want to achieve and how to track our path to achieving them.

### Additionality

Our projects should add value to existing efforts and not simply fill a financial gap for basic services that should be covered by governments.

Identifying, collaborating and bringing together the right partners for our strategy and work is absolutely critical to delivering the impact we strive for. We strongly believe that the best results are achieved when we and our partners work in accordance with the following principles:

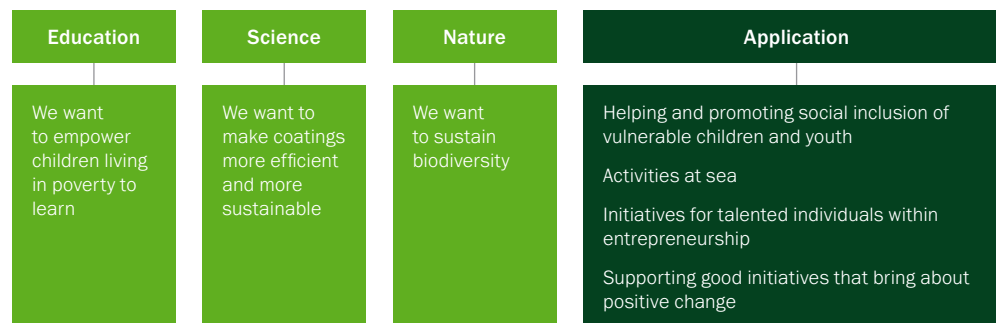
- **Honesty and transparency** and treating all stakeholders fairly and respectfully
- Working in **collaborative partnerships** based on mutual respect
- Professionalism and **informed decision making** based on existing knowledge
- **Flexibility and agility** that allows for timely adjustments to achieve project targets

Some projects prove more successful than others in achieving powerful and lasting change. We acknowledge this fact and take valuable lessons from both successful and less successful projects.

No matter the project, the field of work or the organisations supported, the ambition must remain the same: to achieve high impact. Our partners around the world are the experts in the countries and areas where we work. We do not have all the answers, but we aim to ask the right questions, so we can make the best possible decisions – decisions that are aligned with and support our strategic intent.

### Our philanthropic strategy

We divide our donations into two distinct areas. In the strategic section, we work in partnership with others to create catalytic and long-lasting impact within three fields: education, science and nature. In the applications section, we provide smaller donations by application to support initiatives that bring about positive change.



- Fields of donation by application
- Fields of strategic partnership

# Year in review

## Our strategic focus areas

**Dedicated** to making a positive difference.

### **Education**

Empowering children living in poverty to learn has been the backbone of the Foundation's philanthropic work for ten years. 2019 was no exception. In 2019 we started new work in Guatemala, Bolivia, Rwanda and South Africa. Furthermore we made commitments to start new work in Madagascar, Uganda, Peru and Nepal from 2020.

### **Science**

2019 was full steam ahead for the Hempel Foundation Coatings Science and Technology Centre (CoaST). Landmarks include a new sustainability strategy, a new test site and extended international collaborations.

### **Nature**

Since we decided to work with global biodiversity in 2019, the topic has become more pressing in

the minds of decision-makers and ordinary people alike. In 2019, we launched a new project in Uganda and we have also made two more commitments to be launched in 2020.

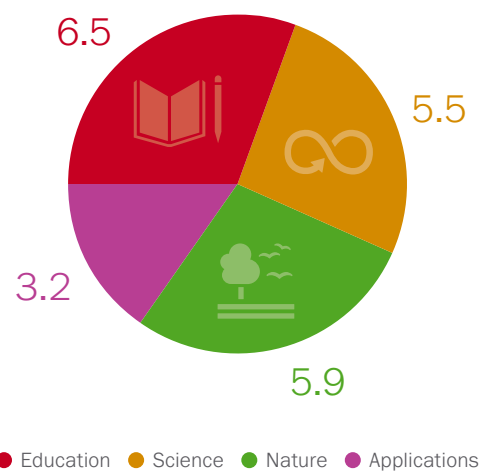
### **Reporting on the UN Sustainable Development Goals**

In 2017, we adopted the United Nations' Sustainable Development Goals (SDGs) as beacons to navigate by, and we began to work more in depth with the SDGs in 2019. We are proud to be adding action to awareness.

Our projects are diverse and, in many cases, quite complex. Therefore, we may not always be able to measure our impact in terms of the SDGs. However, the SDGs inform our decision-making, helping ensure we focus on the changes that the world needs the most, and provide a framework for monitoring and assessing our work.

<b>Rie Hammershøi</b> Project Coordinator, Grant Areas and Administration	<b>Søren Bech Gade</b> Communication Manager	<b>Camilla Kruse</b> Finance and Administration Manager	<b>Anders Holm</b> Executive Director, Grant Areas and Administration	<b>Bente Mølgaard</b> Director, International Education Projects	<b>Casper Thulstrup</b> Manager, International Partnerships	<b>Tinne Pihl</b> Secretary	<b>Emma Leerskov Bak</b> Student Assistant
--	---	--	--	--	---	--------------------------------	---

Donations 2019 (EUR million)





# Education

We align our **education projects** with UN Sustainable Development Goal 4 – **QUALITY EDUCATION.**

As part of our strategy for education we **focus on two underlying targets** against which we assess our performance.

In 2019, our new partnership approach fully took off and we held start-up workshops in Guatemala, Rwanda and South Africa.

Our project design process includes a thorough situation analysis, visits to targeted schools, meetings with key stakeholders and start-up workshops. This process enables us to help children get better quality education, while also creating and testing new and better education approaches. It has proven a valuable tool when aligning assumptions with reality and focusing project interventions to achieve a higher impact.

The project design process also provides a solid platform for ongoing collaboration as it helps strengthen collective ownership and understanding of the project. This in turn enables faster decision-making, which is especially important when dealing with unforeseen events, which often occur during project implementation.

## Approach



### Where we work

Countries that are socio-economically weak or challenged. Typically, these countries lack quality in the education system, and have high poverty, inequality, unemployment and illiteracy rates.



### What we focus on

Marginalised children, with a specific focus on girls.



### What we aim to achieve

Quality education, quality teaching, literacy, increased school enrolment and reduced dropout rates.



### Who we work with

Non-governmental organisations (NGOs), the UN and governments.

## 4 QUALITY EDUCATION



### SDG 4 Targets

#### TARGET 4.1



By 2030, ensure that all girls and boys complete free, equitable and quality primary and secondary education leading to relevant and effective learning outcomes.

#### TARGET 4.5



By 2030, eliminate gender disparities in education and ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous peoples and children in vulnerable situations.

### Our direct contribution

- Since 2011, initiated projects supporting **quality education for 180,000 children.**
- Building capacity of **4,200 teachers** in **500 schools** across **13 countries.**
- Strengthening life skills and reading ability of **8,400 girls** through Girls Clubs across **120 schools in Bangladesh.**
- Providing access to **equitable quality education for 6,400 marginalised girls in rural Rwanda**, through a remedial programme.
- Developing an innovative gender-transformative education model and providing access to quality education for **10,000 girls and boys** in Guatemala and Bolivia.

# Launch of new partnerships



Guatemala

## Intercultural, gender-transformative education in Guatemala and Bolivia

Our new partnership with Oxfam IBIS will result in two projects in Bolivia and Guatemala. The countries share many of the same challenges: high poverty rates, large underprivileged indigenous populations and gender inequality. The projects in both countries aim to improve learning in rural areas for indigenous children, particularly girls, and to reduce gender-based violence.

The main component of the projects is the development of an innovative intercultural and gender-transformative education model (one

that actively examines, questions and changes rigid gender and racial norms) in order to improve the learning outcomes of indigenous boys and girls in basic education. The projects run from primary school up to the first year of secondary school, with the aim of ensuring more students, especially girls, transfer into secondary school and are better equipped to complete their education. The projects are being developed in close cooperation with local education authorities and have the long-term goal of being scaled up to include more schools.

**The project in Bolivia will be implemented in Riberalta.**

**Budget:** EUR 1.2 million

**Scope:** 20 primary schools, 2 secondary schools, 250 teachers, 6,200 children

**The project in Guatemala will be implemented in Rabinal.**

**Budget:** EUR 1.2 million

**Scope:** 15 primary schools, 5 secondary schools, 250 teachers, 4,400 children



Rwanda

## Strengthening remedial learning for children in Rwanda

We began a collaboration in 2019 with UNICEF to improve learning outcomes for boys and girls in primary school in Rwanda.

In Rwanda, huge progress has been made in recent years getting children into school. However, more than 175,000 children still drop out of primary school each year. We are supporting the development and piloting of a remedial learning programme that engages children at high risk of dropping out

through the use of different pedagogical approaches, with a focus on child-centred learning.

The programme's paper-based curriculum will be complemented by open-source applications, accessible on tablet devices, that promote literacy and numeracy. The project will initially be implemented in 150 schools and 5 youth centres, with the long-term aim of scaling up nationwide.

**Budget:** EUR 2.0 million – with additional funding of EUR 1.0 million from UNICEF Denmark  
**Scope:** 150 schools, 5 youth centres, 310 teachers, 7,800 children



South Africa

## Improving literacy for children in rural South Africa

In 2019, we launched a project with UNICEF and the Department for Basic Education in South Africa that aims to improve learning outcomes for children through a teacher training programme that combines training and coaching.

Despite being a middle-income country, South Africa struggles with large-scale inequality and widespread poverty. Education is key to breaking the cycle of inequality and poverty; however, an estimated 78 per cent of all grade 4 learners in South Africa are unable to read for meaning in any of the country's 11 official languages. A main reason for this is a failure to build the competencies of the teachers.

Many training programmes focus on increasing teachers' knowledge, but do not help teachers translate this knowledge into practice. Recent studies have shown that if coaching is added to a training programme, it significantly improves the teaching quality and learning outcomes for children.

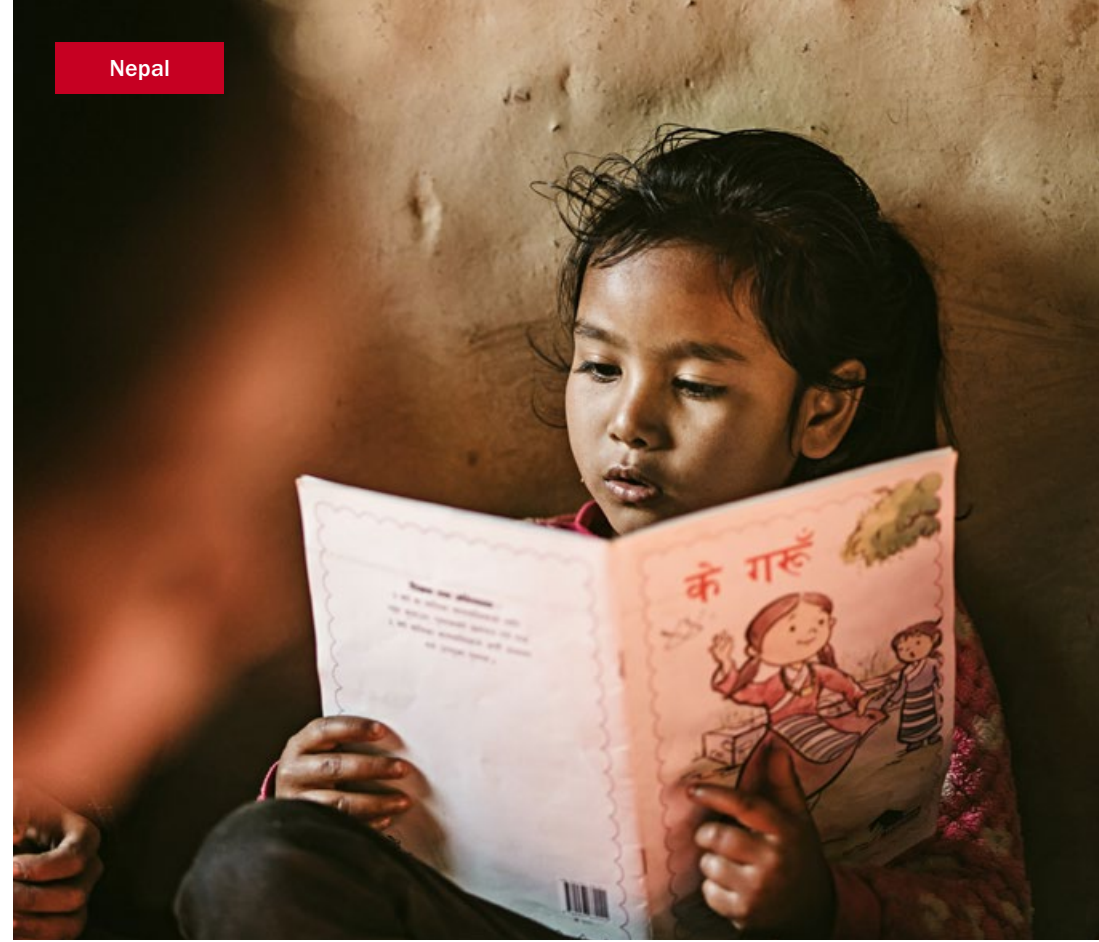
Through this project, we expect to provide teachers in a minimum of 160 schools with access to knowledge and tools to help them improve children's reading ability. Just as importantly, we will also pilot different approaches to coaching in a subset of more than 60 schools with the aim of identifying the most cost-effective and scalable coaching model.

**Budget:** EUR 2.0 million – with additional funding of EUR 1.0 million from UNICEF Denmark  
**Scope:** 160 schools, 1,000 teachers, 30,000 children

Madagascar



Nepal



Uganda





# New commitments

## We expanded our partnerships

with UNICEF and Save the Children and began our first partnership with VSO International.

## Developing cost-effective approaches to improving teaching skills in Uganda and Madagascar

In 2020, we will support Save the Children in its work with local education authorities **in Uganda** to develop an effective and low-cost model for the continuous improvement of teachers' competencies. Currently, teacher shortages are not identified systematically at school level and gains can be made by linking school-level needs with available district level resources. There is also untapped potential for peer-to-peer support within schools.

**Budget:** EUR 2.0 million  
**Start date:** 2020

In 2020, we will support UNICEF as it develops and pilots a cost-efficient, effective and scalable model to improve the competencies of teachers in catch-up classes and primary schools **in Madagascar**. At national level in Madagascar, only one per cent of teachers have the minimum competencies required to teach, which is one reason why only one-third of children complete primary school education and one-fifth of all children aged 6-10 do not attend primary school at all. The project aims to increase primary school completion rates, particularly for the most vulnerable children, by strengthening teachers' skills.

**Budget:** EUR 2.0 million – with additional funding of EUR 1.0 million from UNICEF Denmark  
**Start date:** 2020

## Improving primary education in Nepal

In 2019 we have a partnership with a new partner to us. VSO (Voluntary Services Overseas) International is a UK-based NGO with more than 60 years of experience, which currently works in 21 countries. VSO International is known for its work within health, livelihood and education, and we share its focus on early childhood education and basic literacy and numeracy. Our partnership will begin with a project in the mountainous Baglung region of Nepal starting in 2020.

Nepal is one of the poorest countries in Asia with a poverty level of 23 per cent and an

**Budget:** EUR 1.6 million  
**Start date:** 2020

education system that often fails to provide children with a quality basic education.

Many children in the country get less than five years of education; the project's aim is to identify and address the barriers that stop children from getting more. The project will work within four domains of change – individual, community, service and policy – and it will be developed in close cooperation with the local government and the ministry of education to influence policy and practice for years to come.

# Projects completed in 2019

## Sierra Leone

*Tonkolili district*

**Period:** 2014-2019

**Children reached:** 1,125

**Partner:** Oxfam IBIS

**Project goal:** To provide the most vulnerable children, especially girls, with access to quality pre-school and primary education.

Despite project delays due to the outbreak of Ebola, five project schools were constructed with all the relevant school facilities and 25 teachers were educated in learner-centred teaching methods.

The project increased learning opportunities for 1,125 children in poor rural communities, who were at risk of dropping out of school. Enrolment of children aged 4-8 years in the project schools increased from 54 per cent in 2016 to 70 per cent in 2019 and the dropout rate was less than five per cent in each academic year.

As a result of the project, the school management committees in the five schools have taken ownership and are now actively involved in the affairs of the schools. Furthermore, the local council has taken relevant steps to get the project schools approved as government schools, which will enable the schools, to continue.

## Uganda

*The Kasese, Bundibugyo and Ntoroko districts in the Rwenzori region*

**Period:** 2016-2019

**Children reached:** 1,824

(plus 742 young people)

**Partner:** Save the Children

**Project goal:** To increase access to quality basic education for out-of-school children; to provide vocational skills development opportunities for young people aged 15-24.

Through the project, 1,824 out-of-school children enrolled in an Accelerated Learning Programme, with the aim of continuing in school or enrolling in vocational training. 34.9 per cent of them continued into formal school while 28.1 per cent continued into vocational training.

In addition, 742 young people completed vocational training. 80.4 per cent of them found employment after completing the course.

The project has been crucial in getting out-of-school children back into school. It has also helped engage young people in income generating activities in their communities, which has improved the socioeconomic situation in the districts.

The teachers trained as part of the project will continue teaching the former out-of-school

children, as both the targeted school authorities and the district local governments have committed to retain these teachers.

## South Africa

*Johannesburg, Vuleka Schools (St. Mark's Primary School & SSB High School)*

**Period:** 2011-2019

**Number of children:** 326 high school students and 196 primary school students

**Partner:** Vuleka

**Project goal:** To provide affordable quality education for children from poor families in and around Johannesburg.

Even though South Africa guarantees universal primary education, the quality of education is often poor. As a result, many people turn to private education, but the majority of the population cannot afford private school.

Starting in 2011, we worked with the Vuleka Schools in Johannesburg, following a support-a-child principle, to help children from poorer families access a quality education. In the latest period (2017-2019), 139 children in St. Mark's Primary School and 60 students in Vuleka SSB High School benefited from the programme.

## Argentina

*Salta Province*

**Period:** 2015-2019

**Number of children:** 1,843

**Partner:** Fundación Leer

**Project goal:** To improve access to high quality education and strengthen literacy in eight rural schools and two urban schools.

Many children in the Salta Province of Argentina leave elementary school without the necessary skills to continue studying because the schools cannot provide high quality education and the teachers are not well trained. As a result, dropout and illiteracy rates are high and there are many overaged pupils in the education system.

From 2015 to 2019, we worked with the Fundación Leer to create positive change in the province. By providing books, changing teaching practices (for example, by including more planned writing and reading activities) and introducing reading corners into classrooms, the project helped more than 1,800 children improve their reading fluency and independent reading ability.

In the longer term, the project has been instrumental in changing teachers practice to include more planned writing and reading workshops and children have changed their habits and attitudes towards reading. Many also now read during their free time.



Sierra Leone



Uganda



South Africa



Argentina

# Hempel Foundation international projects 2019

## Education

**New** **Madagascar**  
2020-2023 UNICEF  
Improved teaching in primary school

**New** **Nepal**  
2020-2024 VSO International  
Improved teaching in primary school

**New** **Uganda**  
2020-2023 Save the Children  
Improved teaching in primary school

**Bangladesh**  
2019-2022 Save the Children  
Empowering girls through education

**Bolivia**  
2019-2022 Oxfam IBIS  
Empowering children through  
intercultural gender-transformative  
education

**China**  
2017-2020 Save the Children  
Quality basic education

**Ethiopia**  
2017-2021 SOS Children's Villages  
Access to primary education

**Greenland**  
2018-2022 Consortium  
Raising quality in public schools

**Guatemala**  
2019-2022 Oxfam IBIS  
Empowering children through  
intercultural gender-transformative  
education

**Indonesia**  
2017-2020 Save the Children  
Making early education matter  
through books and community action

**Peru**  
2016-2024 Axis  
Quality education  
for indigenous children

**Rwanda**  
2019-2022 UNICEF  
Improved teaching in primary school

**Somaliland**  
2017-2021 SOS Children's Villages  
Access to primary education

**Tanzania**  
2016-2021 SOS Children's Villages  
Access to primary education

**South Africa**  
2019-2022 UNICEF  
Improved teaching in primary school

**Vietnam**  
2015-2021 UNICEF  
Improved teaching in primary school

## Nature

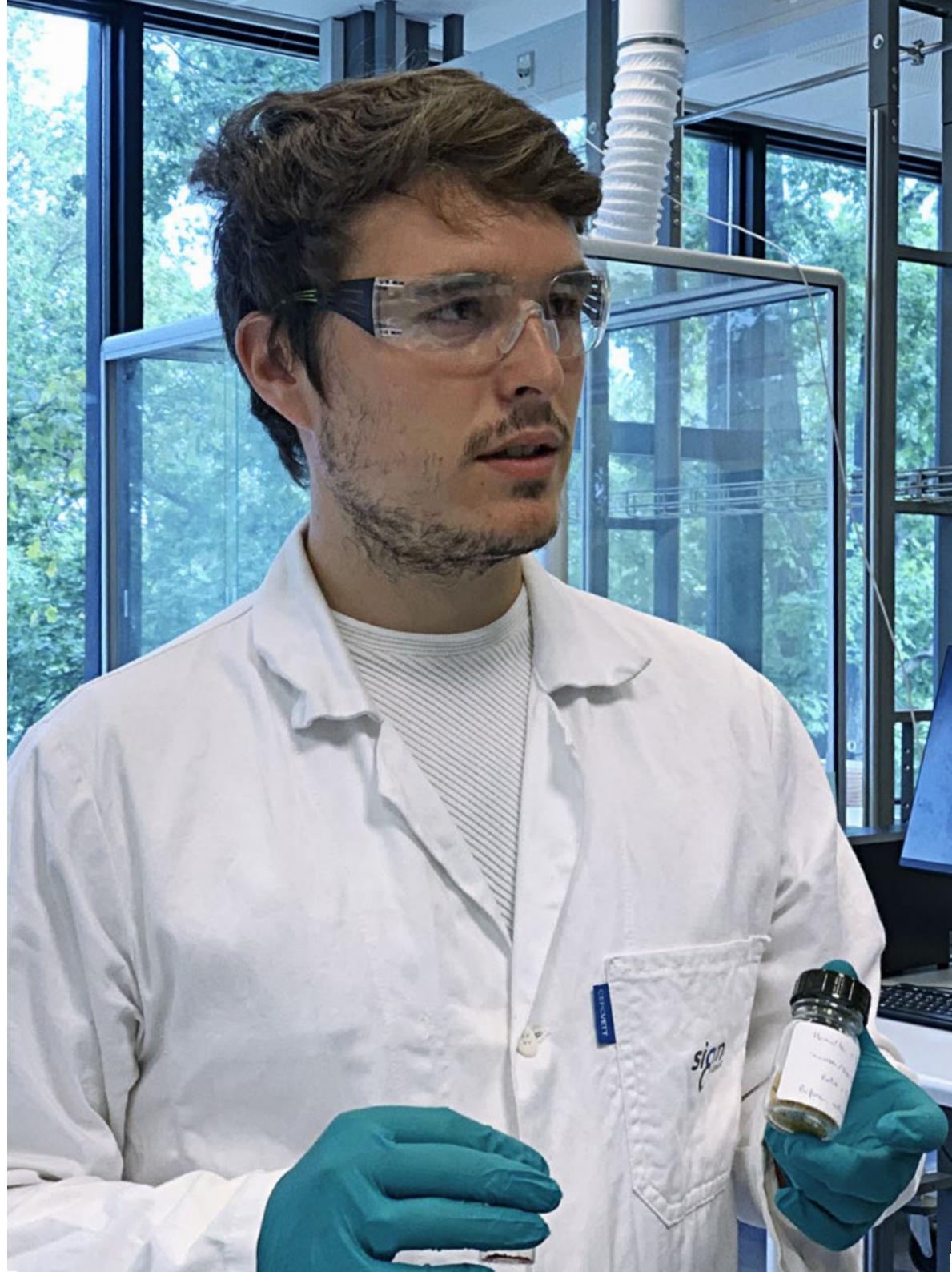
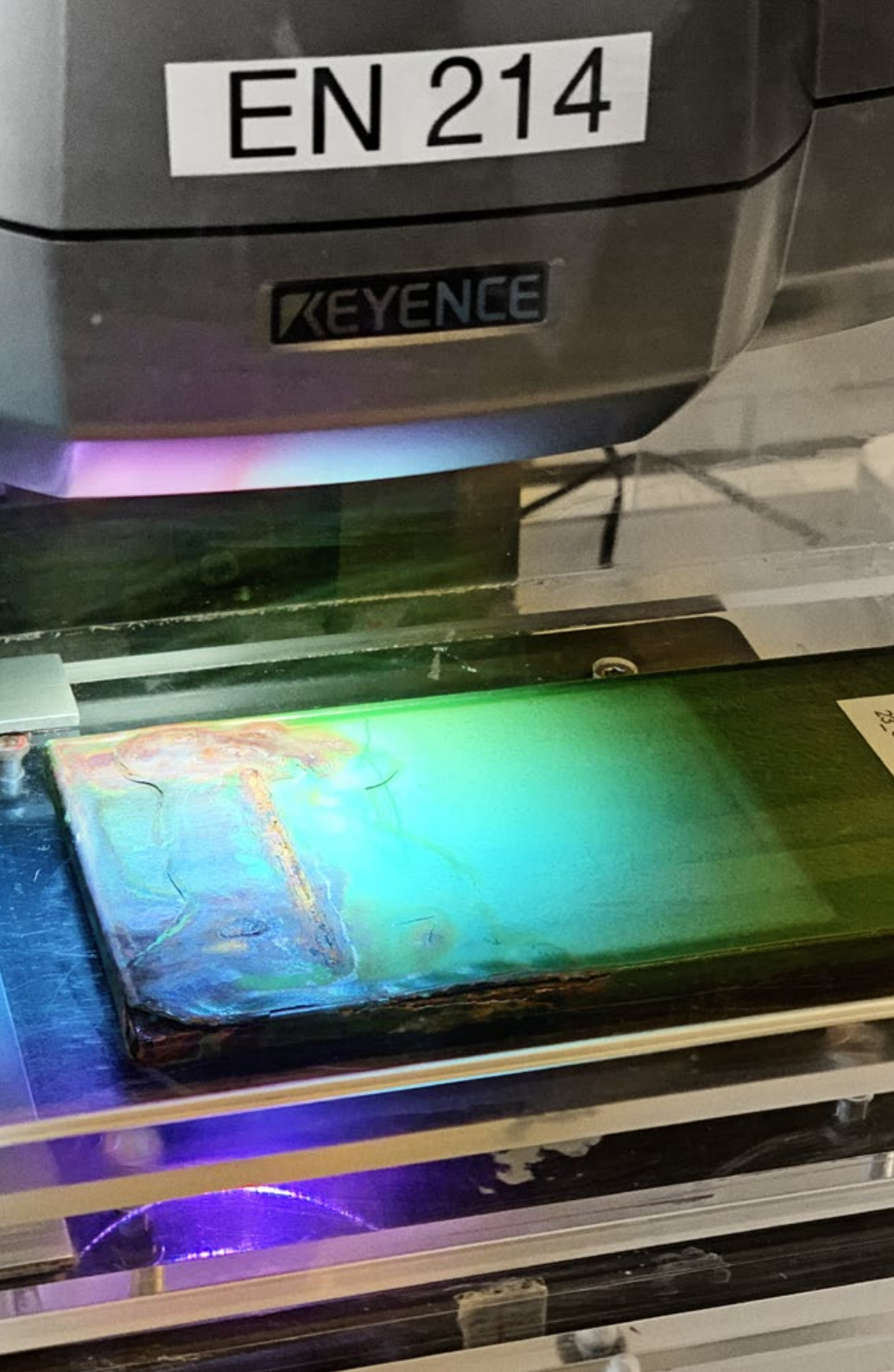
**New** **Ecuador**  
2020-2023 WWF  
Sustaining ecological corridor

**New** **Madagascar**  
2020-2025 BirdLife International  
Sustainable livelihoods  
in Tsitongambarika forest

**New** **UK**  
2020 UNEP-WCMC + KR Foundation  
Identifying biodiversity tipping points

**Uganda**  
2019-2022 WWF  
Sustaining biodiversity and  
enhancing park management





# Science



## Approach



### Where we work

The Hempel Foundation Coatings Science and Technology Centre (CoaST), Denmark.



### What we focus on

Coatings for a better future through scientific research and education in sustainable coatings technologies.



### What we aim to achieve

A globally leading research centre to provide knowledge that increases sustainability in the whole lifecycle of coatings.



### Who we work with

Technical University of Denmark (DTU).

Within science, the Hempel Foundation is prioritising the establishment of a globally leading education, research and innovation centre to make coatings and surface protection more efficient and more environmentally sustainable.

At the end of 2019, three years after its establishment, CoaST – the Hempel Foundation Coatings Science and Technology Centre – has made a good start to fulfilling this mission.

### Research

In 2019, seven new PhD students, four post-doctoral fellows, three research assistants and seven master's students joined CoaST. CoaST's ability to attract students and researchers is driven by its clear research strategy, developed from current needs in society and industry, which covers five focus areas:

- Fouling control
- Anticorrosive coatings
- Intumescent coatings
- Production, application and formulation
- New coating fields

### A strong focus on sustainability

A key area of CoaST's work is to focus on sustainability over the entire lifecycle of a coating, from raw materials and formulation to testing, characterisation, production and application. This is outlined in a white paper on sustainability, which functions as an implementation guide to ensure a constant focus on sustainable development in CoaST's research and education activities.

### Advisory Board

An Advisory Board keeps the Hempel Foundation abreast of progress at CoaST. The members of the CoaST Advisory Board are:

- Jakob Thomasen (Board Professional, Chairman and CEO at JBT Consult, Chair)
- Mikko Hupa (Rector and Professor at Åbo Akademi University)
- Klavs F. Jensen (Professor at MIT)
- Lars Petersson (CEO of Hempel A/S)

In cooperation with CoaST, the Advisory Board sets clear qualitative and quantitative key performance indicators (KPIs) for the centre. The Advisory Board's evaluation, presented in 2019, concluded:

“CoaST is still in the build-up phase and the new laboratory facilities remain under construction. This has been taken into account in our evaluation. The build-up phase is expected to be completed in 2021 at which point the centre is expected to enter a ‘steady state’ situation. The assessment, supported by the KPIs, is that CoaST has achieved remarkable progress during 2018. Salient achievements discussed by the Advisory Board are summarised as follows:

- Satisfactory production in terms of scientific publications and education, courses, etc.
- Expansion of the research portfolio to a total of 22 projects
- Good progress on building international networks and cooperation
- Good intake of students
- White paper on sustainability providing professional coaching for an increased focus on sustainability

CoaST has a number of promising research projects and good progress on the projects has been achieved since the first Annual Day 14 March 2018.”

#### **CoaST pilot course in coatings technology in China**

Core for CoaST is the attraction and training of engineering and PhD students capable of moving coatings research and the industry towards a more sustainable future. These students are the future of the professional coatings society, including the industry and, therefore, this is a KPI that is closely followed up.

In 2019, the Sino-Danish Center for Education and Research (SDC) introduced a pilot course in China directed by CoaST. The course gives a broad perspective on coatings science and technology, covering the entire lifecycle of coatings.

This CoaST pilot course received a very good evaluation from students, who concluded that the scientific content was extensive and relevant, and the teaching highly professional. With this accumulated experience, plans for

experimental and theoretical coating courses in Denmark are planned for 2020.

#### **New CoaST maritime test site in Denmark**

The CoaST Maritime Test Centre was established in 2019 at Hundested harbour, Denmark. Although still under development, the test centre and exposure site is important for researchers working to develop coatings for a better future by exposing coatings to natural environmental conditions and weathering.

The test centre comprises two sites. The first is located in the inner harbour and is equipped for dynamic and static biofouling tests, with prototype equipment that includes a raft setup with rotating cylinders and a structure for the static immersion of test panels. The second site is located outside the harbour and will be used for exposing test panels in submerged, splash and atmospheric zones. The development of the two sites will continue in 2020, using knowledge gained during the prototype phase and from custom-built lab-scale setups at the CoaST's Lyngby campus.





“A globally leading education, research and innovation centre to make coatings and surface protection more efficient and more environmentally sustainable”



# Nature



Tsitongambarika forest, Madagascar

Endangered two-banded chameleon



In 2018, the Hempel Foundation introduced a new focus area for its philanthropic work: sustaining the planet’s valuable biodiversity. As such, 2019 was a learning journey for us, as we sought to convert our strategic focus into projects on the ground. It has been both exciting and challenging – and the journey has only just begun.

A key learning was that sustaining biodiversity in tropical forests does not only require strengthening protection mechanisms, such as guards, surveillance, management capacity, etc. It is equally about working proactively with local communities, government authorities and the private sector to

reduce the pressure on the forest. In some cases, in fact, this focus is the most important.

Putting a fence around thousands of hectares of forest is neither a viable nor a sustainable solution. We need to develop alternative sustainable sources of income as well as better education for the people who live in and off the forest, and we need to increase awareness of the value that biodiversity creates by ensuring ecosystem services, such as clean water.

The projects we launched in 2019, as well as the new commitments we made, all reflect this understanding.

### What is biodiversity?

“The air we breathe, the water we drink and the food we eat all ultimately rely on biodiversity – without plants there would be no oxygen and without bees to pollinate there would be no fruit or nuts. In a nutshell, biodiversity is the variety of life on Earth, in all its forms and all its interactions and without it, there is no future for humanity.”

*Prof. David Macdonald  
(Oxford University).*

## Approach

-  **Where we work**  
Key Biodiversity Areas.
-  **What we focus on**  
Sustaining biodiversity with focus on forests.
-  **What we aim to achieve**  
The sustainable coexistence of people and nature.
-  **Who we work with**  
WWF, BirdLife International, UNEP, ART2030, UN Live.

### SDG 15 Targets



By 2020, **ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services**, in particular forests, wetlands, mountains and drylands, in line with obligations under international agreements.



By 2030, **promote the implementation of sustainable management of all types of forests**, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally.

### Our direct contribution

- In 2019 we initiated projects that will help sustain **key biodiversity hotspots covering 177,000 hectares** across **Uganda** (Rwenzori 100,000 hectares), **Ecuador** (Sangay-Llanguanates Ecological Corridor 42,000 hectares) and **Madagascar** (Tsitongambarika forest 35,000 hectares).
- Strengthening capacity of the Rwenzori Mountains National Park to engage with communities, monitor and sustain biodiversity within the park and manage an increase in tourism.
- Establishing and ensuring an effective governance/management structure in the Sangay-Llanguanates Ecological Corridor aimed at sustaining biodiversity and ecosystem services.
- Building and ensuring a strong management system to protect the Tsitongambarika forest park by supporting institutional development of local coordination mechanisms and ensuring Protected Area Management Plans are up to date and being followed.

# Launch of projects



## Uganda: Mountains of the Moon

Close to heart of Africa lies the Rwenzori Mountains National Park, an area also known as the 'Mountains of the Moon' due to the park's mist-shrouded mountains, which are visible for miles around.

The park is located on the border between Uganda and the Democratic Republic of Congo and is a Key Biodiversity Area and a UNESCO World Heritage Site. Covering nearly 100,000 hectares of lush hillside, 70 per cent of which is over 2,500 metres above sea level, the park is one of the most biodiverse places on Earth.

In the local language, 'rwenzori' means 'rain maker' and, in addition to their beauty and unique biodiversity, the Rwenzori Mountains provide water to over two million people. Including irrigation schemes, hydropower stations and domestic water supplies, it is considered a 'national water tower'.

The park faces many challenges, including community uses of the park (such as the collection of bamboo), population growth and unsustainable agricultural practices. The pressure of an increasing population, combined with poor crop yields, has meant that many agricultural areas have expanded to the park's boundary, often onto slopes that are prone to erosion.

To address these threats, we formed a partnership with the World Wildlife Fund (WWF) and we launched a project together in July 2019 with a start-up workshop in Uganda that included all key stakeholders. The project will re-establish forest in the buffer zone surrounding the park (a minimum of 1,200 hectares), develop sustainable sources of income for approximately 2,000 households and increase income to the park through sustainable tourism and payments from private companies for ecosystem services.



Rwenzori Mountains, Uganda

## Increasing awareness of biodiversity

As well as working with partners on the ground to make tangible changes for specific Key Biodiversity Areas, such as the Rwenzori Mountains, we also supported efforts to increase public awareness of biodiversity in 2019.

This included joining forces with the KR Foundation and supporting the UN Environment Programme World Conservation Monitoring Centre (UNEP-WCMC) in its work to identify pathways to avoid dangerous loss of biodiversity and enable countries and individuals to take action. In 2020, many governments will convene in Beijing, China to set new global targets to prevent further loss of biodiversity and input from organisations such as UNEP-WCMC will inform these decision-making processes.

While knowledge generation and information sharing are necessary elements in increasing awareness, the importance of sustaining

biodiversity is not easy to explain to the average citizen. Furthermore, increased awareness about biodiversity does not necessarily lead to behavioural changes. We need to find ways to engage people and make biodiversity relevant for individuals across borders, despite differences in proximity to the direct consequences of biodiversity loss.

To this end, we renewed our support of ART 2030, a non-profit organisation working with art to open people's hearts, minds and imaginations to the UN SDGs. Previously, our support enabled ART 2030 to realise its first large-scale event 'Breathe with Me', which took place during the 2019 UN General Assembly in New York, USA. A multifaceted participatory art project with world-renowned artist Jeppe Hein, the event highlighted that the air we breathe is part of our connected world and climate. It covered many elements, from the need for

pollution-free air and clean oxygen-producing oceans to the effect of mindful breathing on our physical wellbeing.

Breathe with Me reached an estimated 45 million people through social media and was featured in the mainstream international media. With our continued support, ART 2030 will use a similar approach in future, but with a focus on biodiversity rather than the climate.

Finally, we extended our commitment to UN Live – a visionary global museum for the United Nations. Through the partnership, we will test innovative ways to engage people around the world in the challenge of sustaining biodiversity and increase understanding of the issue, while also driving grassroots action in local communities. Among other things, we will work in the 5-6 places on earth with the most significance for the planet's biodiversity.

# New commitments

In addition to the project in the Rwenzori Mountains National Park, we **committed to two new projects in 2019** that will take off in 2020.

## Ecuador

Protected areas around the world are increasingly becoming isolated islands with little connectivity. The negative effects of this include inbreeding and reduced genetic diversity. To connect these islands of protected areas, increasing effort is being given internationally to establish corridors – a route or a strip of vegetation that allows the flow of plants and animals from one region to another, to promote permanence, connectivity and migration between protected areas and patches of vegetation.

In a project with the WWF, we will work to ensure the flow of plants and animals between two national parks in Ecuador that are connected by the Llanganates-Sangay Ecological Corridor. With an area of 42,000 hectares, the corridor is situated in a region of extremely high biodiversity value and contains a number of elements important for ecosystem services. In particular, it contains the Pastaza River, the third largest river basin in Ecuador and an important watershed.

Threats to the corridor include rapid population growth, pollution of water, inadequate land use planning, potential oil exploration and a lack of conservation legislation on a provincial level.

## Madagascar

Madagascar is an 'island continent' almost as big as France, with a multitude of astonishing Key Biodiversity Areas. One of these is the remarkable Tsitongambarika, a unique forest area of approximately 40,000 hectares. Deforestation rates at Tsitongambarika are among the highest in Madagascar. As in much of the country, deforestation is mainly a result of cultivation by subsistence farmers, who lack alternative land to grow food. Other threats include logging of precious hardwoods, charcoal production and hunting.

We entered into a new partnership in 2019 with the UK-based organisation BirdLife International to help sustain this important and biodiverse area.

To help end deforestation at Tsitongambarika, the project will provide local communities with knowhow, financial means and opportunity to adopt more sustainable and efficient techniques to grow crops, which should reduce or eliminate cultivation of forest areas, logging of precious hardwoods and charcoal production.

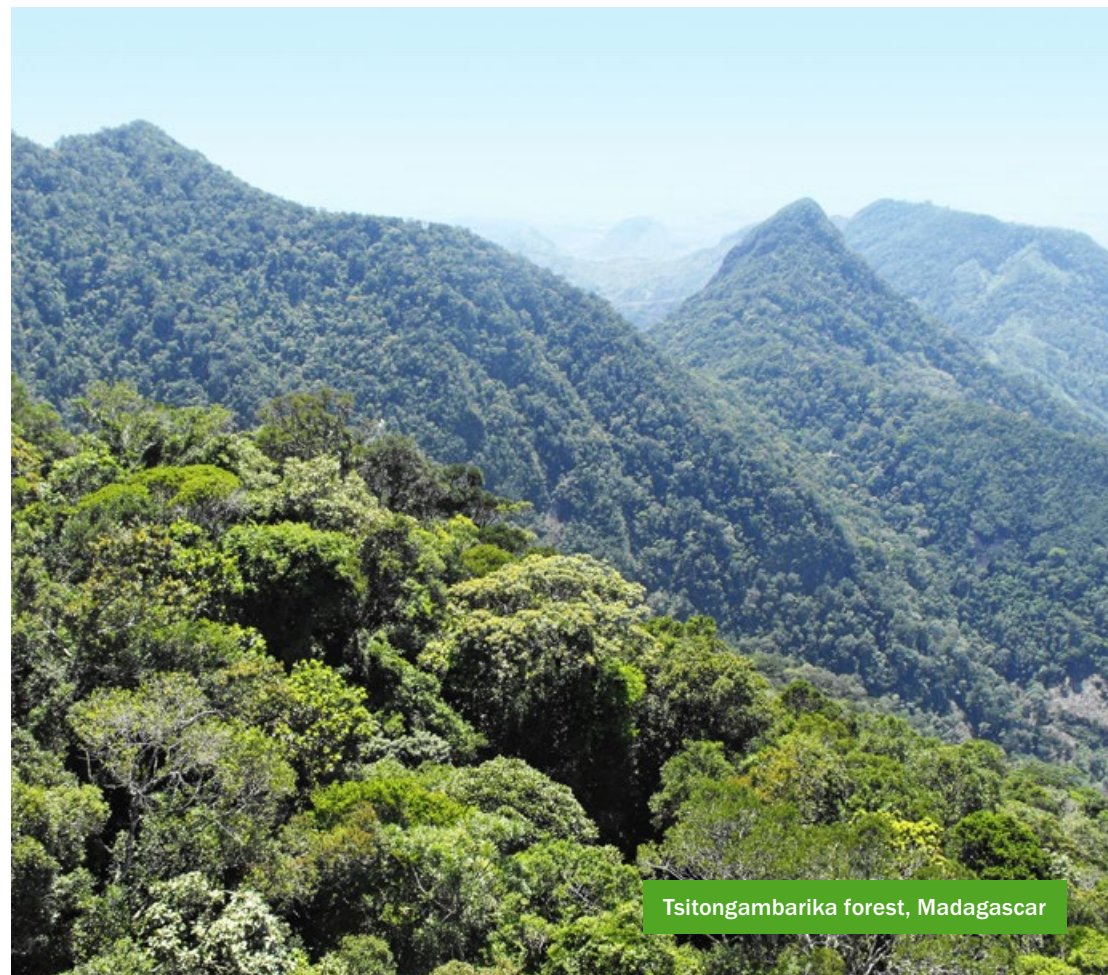




Llanganates-Sangay Ecological Corridor, Ecuador



Tsitsongambarika forest, Madagascar



Tsitsongambarika forest, Madagascar



**NI** **NEXT LEVEL**  
FONDEN FOR ENTREPRENØRSKAB

**HEMI**  
FONDEN

*P.S. I Love You* X **HJERTE**  
FORENINGEN

Sted og dato: Kolding, den 9. april 2019

DM i Entreprenørskab 2019  
Next Level

Samlet placering: **1**

**Solstick**

Samlet præmiesum:

kr. 10.000,-



# Donations by application

**The Hempel Foundation donated EUR 3.2 million** in 2019 to 54 organisations that applied for support. The Foundation focuses its support on organisations that work within one of three areas:

**Helping and promoting** social inclusion of vulnerable children and youth in Denmark and Greenland

**Activities** at sea in Denmark

**Initiatives** to promote talent in entrepreneurship

These topics are not exclusive, and the Foundation also supports other projects and organisations that show great initiative and will make a positive change. On the following pages we outline examples of the projects we supported in 2019.

# New donations 2019

## Youngsters II

We believe sailing can be a valuable asset in a young person's life. The Danish sailing community has seen a growing number of young sailors abandon the sport; we are working to change that with the Youngsters project.

Youngsters is not just about sport. It is about playing, friendship and learning, and helps the participants develop physical and mental strength that will be of benefit in their future lives.

Sailing involves daring to take responsibility for yourself and others, risking mistakes and asking for advice. This requires trust and builds confidence in oneself and in the people around you, which is an invaluable strength when overcoming the challenges that life throws at us as human beings. The Hempel Foundation is passing this 'DNA of the sailor' to future generations through Youngsters. This will ensure that the number of new young sailors and sailors who stick with the sport can be counted in the thousands and will maintain the tradition of a Danish youth culture with a strong maritime identity – on land, on water and in life.

## M/S Maritime Museum of Denmark

M/S Maritime Museum of Denmark, the Danish national maritime museum, tells the story of Denmark's history as one of the world's leading maritime nations. The museum is located in Helsingør, just north of Copenhagen, next to Kronborg Castle, one of Denmark's most important historical buildings.

In 2019, the Hempel Foundation provided support to the museum to establish a flexible and dynamic exhibition room for the museum's changing thematic exhibitions. The exhibition room will provide a setting for educational activities for children and young people and will be able to accommodate people with different social and learning needs. The exhibitions will include interactive installations that invite the audience to touch, play and interact with the exhibition, which will help attract new audiences to the museum.

## The Sailing Folk High School

The Danish Folk High School was established by the theologian, writer, philosopher and historian N.F.S. Grundtvig in the early 1830s. He believed that it was important to give common people the opportunity to learn about history, literature and other subjects to enable them to participate as active citizens in the society around them.

The Sailing Folk High School follows the same principles, but uses the deck of a ship as a unique classroom for young people. On deck, everyone's skills and efforts are needed. A ship will only sail if everyone works together as a team.

The Sailing Folk High School's first pilot cruise was held in August 2019 aboard the schooner Fulton. 24 students visited shipyards, learned practical skills on board, had lectures and a workshop with a marine biologist, and much more. The goal was to teach the students about general life skills, life at sea and the world around them. The Sailing Folk High School has planned seven new cruises in 2020.

The Hempel Foundation supported the first pilot cruise in 2019.

“Youngsters is a sailing community for young people initiated to attract young people to sailing”



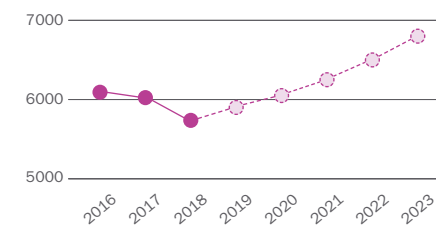
## Youngsters

Expected outcome in three years

**1,000** more young sailors

**25-50** Danish sailing clubs certified to offer the Youngster experience

Young sailors under 24 years





BAR WOODZICEY

clo

GEORG

Tall Ships Races in Aarhus, Denmark



## Tall Ships Races 2019

52 tall ships – mostly training ships – raced across the North Sea from Bergen to Aarhus on 1 August 2019, giving young people a chance to experience sailing and enabling everyone on shore to watch and enjoy the splendour of tall ship sailing.

150 young people aged 15 to 25 from different countries and cultures were given the opportunity to sail the magnificent ships. The young people learnt the ways of the ship's crew – and for some it was a life-changing experience.

The Hempel Foundation supported Tall Ships Races in Aarhus, Denmark in 2019.

## The training ship Danmark at the 2020 Olympics

The training ship Danmark has been an institution in Danish maritime culture since 1933, when it first began providing basic training for young people seeking a career at sea. In 2020, the ship will head to Japan with 80 trainees and 15 crew members to represent Denmark and the Danish maritime industry at the Tokyo Olympics.

The Hempel Foundation is supporting the cruise to Tokyo in 2020. The cruise itself will be the longest in the ship's history, and the ship will pass through the Panama Canal for the first time.

## Summer camp for seriously ill children

Every summer, the organisation SMILFonden (The Smile Foundation) invites seriously ill children and their families to a summer camp. Most of the children have been hospitalised for a long period, and the summer camp is a much-needed break from hospitals, their illness and a difficult everyday life.

The goal of the camps is to give the children and their families more support and to enable them to create new relationships with families who are in a similar situation. The families also receive professional counselling on how to manage their situation in the best possible way.

## Tickets for vulnerable children and young people

In 2018, the Hempel Foundation supported The Blue Planet in Copenhagen, the largest aquarium in northern Europe, by giving the aquarium the opportunity to give free tickets to children and young people from vulnerable families. In 2019, we extended this support for another two years in order to give even more vulnerable children and young people positive cultural experiences.

# Good initiatives that live on

In previous years, the Foundation has made **multiannual donations to great initiatives** that are still very much alive. Here is a status on some of them.

## Danish Red Cross Youth

In the summer of 2019, the Hempel Foundation helped the Danish Red Cross Youth create a new holiday camp. The holiday camp is for children who have a special need for a holiday week filled with good experiences, but who are usually cut off from this for economic, social, family, mental, physical or other reasons.

Through the camp, 47 children were given an experience for life. They went hiking, enjoyed an indoor swimming pool and amusement park, had a party with a DJ and much more – all experiences that they usually do not have.

The Hempel Foundation supported the camp because we believe it is important to give children opportunities to experience positive relationships and make new friends.

The Hempel Foundation first gave its support to the camp in 2018 and the support will run for three years.



## Young Scientists – a national science event

Young Scientists is Denmark's largest talent competition within the sciences for students in secondary and upper secondary schools. The goal of the competition is to strengthen methods of teaching innovation, idea development and science in general in schools around Denmark. The students have to submit a project on a self-chosen topic within the fields of life science, physical science or technology. The students receive professional feedback during the competition and the jury challenges the student's work. The top 25 per cent of projects receive prizes.

The Hempel Foundation has supported the competition for several years. This was extended in 2018 with a donation running for three years.

19-year-old Magnus Oddershede won the Young Scientists senior age group technology category for his new wingtip design, which can potentially reduce the aviation industry's fuel consumption and CO<sub>2</sub> emissions drastically. The idea also won the European Championships in Science in Bulgaria in September 2019 – and Magnus now has the opportunity to continue work on his project.





“It is really cool to make something that can create value for other people”

*Student at Vesterdal Boarding School in Middelfart, Denmark*

## Danish Championship in Entrepreneurship for students

A good idea, extensive research and a convincing presentation – these were all key elements when 78 of the most innovative students from across Denmark met at the Danish Championship in Entrepreneurship 2019.

The students had to pitch their innovative idea to the judges and convince them that their idea was the best. The ideas ranged from biodegradable cigarette filters and sustainable vacuum packaging to the eventual winner: A UV indicator that shows when a new layer of sunscreen is needed, to avoid sunburn and reduce the risk of skin cancer.

The Hempel Foundation believes that it is important to give young people the opportunity to explore and develop their entrepreneurial skills from a young age in order to promote a strong start-up culture in Denmark.

The Hempel Foundation gave its support to the Foundation for Entrepreneurship and the championships in 2018 and the donation will run for three years.

---

## Christmas aid

For many years, the Hempel Foundation has provided support to a handful of organisations that give vulnerable children and their families in Denmark the chance to celebrate Christmas. These children and families could not otherwise afford to do so.

In 2019, the Hempel Foundation continued to support the following organisations: Mothers' Help (Mødrehjælpen), Danish Folk Help (Dansk Folkehjælp), The Salvation Army (Frelsens Hær) and The Child's Joy (Barnets Glæde).

---

## Continuous support to The Mary Foundation for its work on social inclusion

In 2019, the Hempel Foundation continued its support of the Mary Foundation, the HRH Crown Princess Mary of Denmark's Foundation.

As operational partner, the Foundation supports the Mary Foundation's work in the field of social inclusion.

# New strategy for Hempel Glass Museum



In the rolling hills of Odsherred, Denmark lies Hempel Glass Museum, which was established by J.C. Hempel himself in 1964 and founded in Hempel's Cultural Foundation. The museum possesses the largest private collection of European glass from the period 1500-1900 in Northern Europe. Through the years, it has evolved to become a leading exhibition site for contemporary glass art from around the world.

In 2019, Hempel Glass Museum developed a new strategy that combines the vision of J.C. Hempel with a contemporary experience.

The museum will realise the strategy over three years with a donation from the Hempel Foundation. The goal is twofold: to provide knowledge of glass and the glass art form; and to bring to life the story of how one man's idea led to a glass museum and house of culture for the common good.

J.C. Hempel's interest in ancient glass was the basis for establishing his own collection, which was mainly collected between 1950 and 1970. It comprises over 1,000 items, of which one-third date back to antique cultures – for example, small bottles from Egypt from about 1,500 years ago.

In 2019, the museum featured an exhibition of renowned Slovakian artists. In 2020, its halls will be filled with crafts from the Danish island of Bornholm.



“The room must accommodate art, music, literature, film – but discussions shall also flow freely in this hall”

*J.C. Hempel at the opening ceremony of the museum in 1965*





JC HEMPEL

GRUNDL 1915



HEMPEL  
FONDEN

# Foundation governance

The Hempel Foundation's trust deed defines the overall principles for the Foundation's activities. In addition, the Hempel Foundation is governed by a set of Rules of Procedure for Board work and an Annual Wheel for planning work during the year.

Based on the Trust Deed, Rules of Procedure and the Annual Wheel, the Board of Trustees considers the Hempel Foundation to be in full compliance with legislation and to basically comply with all recommendations from the committee for good governance in commercial foundations.

Regarding the recommendations from the committee for good governance in foundations, the Board of Trustees has made a full report, which is available at: [www.hempelfonden.dk/da/hvem-vi-er/governance/](http://www.hempelfonden.dk/da/hvem-vi-er/governance/)

## **Purpose of the Foundation and ownership structure of Hempel A/S**

According to the Trust Deed, the Hempel Foundation's primary purpose is to provide and maintain a solid economic base for Hempel

Group companies, and to ensure that the companies are able to operate on a sound business and financial basis. This is of greatest importance, since the Foundation is 100 per cent owner of the Hempel Group companies.

A second purpose of the Foundation is, in accordance with the Trust Deed and the policies and priorities adopted by the Foundation, to support charitable purposes. The Foundation has been able to increase this activity in recent years.

## **Board of Trustees**

The Hempel Foundation is administered by a Board of Trustees comprising 5-7 members elected by the Foundation and 3-4 members elected by employees.

The Foundation's Trust Deed states that the Board is a self-electing entity. Elections take place annually. Board members appointed by the Foundation are elected for a three-year term, and may be re-elected. The three-year term is stipulated in the Trust Deed, with a view to

maintaining satisfactory continuity in the Board's activities. The Chair and Deputy Chair are elected from among the Board members, each for a three-year term.

Board members must be no more than 65 years of age when elected for the first time. The age limit for Board members elected by the Foundation is 70 years, subject to an extension to 75 years in special circumstances. The members appointed by employees are elected under Danish legislative provisions for employee representation on boards of directors and, accordingly, are elected for a term of four years.

Under the Trust Deed, the following requirements apply to Board members appointed by the Foundation:

- A majority cannot at the same time be Board members of Hempel A/S
- A majority should preferably be current or former Hempel employees or somehow involved with the Hempel Group over many years

- At least two of the members must have international business experience

The Board of Trustees has additionally set targets for gender representation for members elected by the Foundation. Since April 2018 the declared target has been achieved in that minimum two of the Board members appointed by the Foundation now are female members.

The Board of Trustees has also decided that competencies within charitable donations, commercial business, and financial investments should be present among members of the Board.

The Chair and the Deputy Chair of the Board monitor and assess the composition of the Board and its performance on an ongoing basis, in consultation with individual Board members and the Board as a whole. Once a year, the Board performs a formalised internal Board evaluation in accordance with the detailed recommendations from the committee for good governance in commercial foundations.

This evaluation aims to ensure that the required commercial, investment and personal skills, as well as competencies regarding charitable donations, are available among the Board members appointed by the Foundation.

All new Board members appointed by the Foundation are selected through a structured process based on the above-mentioned evaluation, as well as any specific needs for additional competencies on the Board. A professional executive search firm is used for external searches. To meet the specific requirement stipulated in the Trust Deed that certain Board members must preferably have been involved with the Hempel Group, the Chair and Deputy Chair use a regularly updated list of potential candidates, which is presented to the Board members appointed by the Foundation for evaluation and selection.

The Foundation has elected and established an Investment Committee made up of Board members for the preparation of the Board's higher-level decisions regarding the Foundation's financial investments, among other things, as well as evaluating professional external portfolio managers used by the Foundation.

The Foundation has also elected and established a Donations Committee. The Donations


Committee examines and evaluates the high number of applications the Foundation receives every year, many of which are for large and complex projects. The final decisions on donations are, in accordance with an agreement made within the Board, made by all Board members and not only by the Board members appointed by the Foundation (ref. Commercial Foundations Act § 64). The final decision on the total amount of yearly contribution to donations is also taken by all Board members. For preparation of specific purposes, the Board of Trustees can decide to establish ad hoc committees, which are dissolved when the specific tasks are completed.

The Chair of the Board is entitled to speak on behalf of the Foundation and the Board. The Executive Director of the Foundation is entitled to inform the media concerning facts related to his fields of responsibility; other statements to the media must only be given after approval by the Chair of the Board.

#### **Meetings, committees and remuneration**

The Board of Trustees generally holds 5-6 all-day meetings a year. Two of these meetings take place as soon as possible after the completion of the Foundation's half-yearly and annual financial statements. The Board of Trustees has a continuing involvement in the Hempel Group's





Detailed information on Board of Trustee members can be found at: [www.hempelfoundation.com/hempel-foundation/board-of-trustees](http://www.hempelfoundation.com/hempel-foundation/board-of-trustees)

operations on an overall strategic level, with a view to maintaining the required degree of consultation and consensus between the two entities.

The Investment Committee usually holds 5-6 meetings a year with each of the Foundation's three different external portfolio managers, as well as meetings on strategic investment issues.

The Donations Committee generally holds 4-6 meetings each year.

Members of the Board of Trustees are paid a fixed annual remuneration that must not be above what is deemed to be usual in relation to workload, nature of the job and competencies involved. As is customary, a higher level of remuneration is received by the Chair (+200%) and Deputy Chair (+50%). Except for the Chair, members of the Investment Committee and the Donations Committee receive a fixed annual remuneration for committee work. Trustees serving on the boards of the Hempel Employee Foundations or Hempel Cultural Foundation do not receive remuneration for these services.

Remuneration is decided by the Board of Trustees on an annual basis, using a structured process that takes into account: the amount of working hours spent by the Trustees; the overall responsibilities of the Trustees and activities

carried out by the Trustees; the purpose of the Foundation as well as the total activities of the Foundation; the leading role of the Trustees and the major responsibility of the Trustees in relation to the overall leadership of the Hempel Group; the Trustees participation in all major and strategic decisions in the Hempel Group; and the income derived by the Trustees from other positions in the Group.

To further support the correct handling of decisions on remuneration issues, the Trustees additionally, and from a critical standpoint, make sure that the suggested remuneration is reasonable in relation to the overall interest of the Foundation, as well as comparable to the level of remuneration in other commercial foundations of some similarity. This work includes peer group benchmarking, which is carried out by an independent external consultancy.

It is the firm commitment and aim of the Trustees at all times that the Foundation and the Group will not accept costs or remunerations to Management, Board members, Trustees and other kinds of administrative costs that do not support and strengthen the purpose of the Foundation as well as its charitable donations.

The total remuneration paid to the Board in 2019, including remuneration for work on Board

committees, was EUR 449,461. The base remuneration paid to each Board member in 2019 was EUR 33,468.

#### **Conflicts of interest**

The Foundation is committed to ensuring that all persons involved in its investment and donation processes possess the requisite skills. The Foundation is committed to avoiding any potential conflict of interest, in order to ensure the integrity of decisions made regarding investment proposals and donation applications.

All decisions are made in accordance with common conflict of interest principles. In practice this means that no Board member or Foundation employee can take part in any decisions in which they may be deemed to have a material personal interest.

#### **Social responsibility**

Regarding the Hempel Foundation's social responsibility, an account is available on the foundation's website: [www.hempelfonden.dk/da/hvem-vi-er/governance/](http://www.hempelfonden.dk/da/hvem-vi-er/governance/) in accordance with the Danish Financial Statements Act § 99a.

# Business- related activities



The Hempel Foundation's **business-related activities** include ownership of the Hempel Group companies and investments in financial assets and properties.





The Hempel Foundation's most important and significant investment is the ownership of Hempel A/S and the Hempel Group worldwide. Net income from this was EUR 60 million in 2019, compared to EUR 50 million in 2018. Please refer to the separate review of the activities of the Hempel Group on page 52.

#### **Investment strategy**

The Hempel Foundation's Board of Trustees has set down overall guidelines and policies for investing in different types of assets. The Investment Committee prepares decisions on the Foundation's investment activities; however, the Board as a whole makes the final decision regarding investments and investment activities.

#### *Financial investments*

- A conservative financial investment strategy with a limited risk appetite is adopted

focusing on absolute return and avoiding losses in the medium term. The majority of investments are in listed securities that can be redeemed within a few days.

- Financial investments in bonds, shares, etc. are managed by professional external portfolio managers. The split of the management of the portfolio among three portfolio managers is intended to increase the risk-adjusted net return of the total portfolio.
- In order to better manage risk, the Hempel Foundation has established ethical guidelines for portfolio managers, handling of financial investments. They are expected to follow the United Nations-supported Principles for Responsible Investment (UN PRI) or make investments according to corresponding principles taking into account

The Hempel Foundation has decided to **divide investments into:**

- Financial investments
- Property investments
- Direct investments

environmental, social and governance (ESG) factors.

#### *Property investments*

The Hempel Foundation owns the property located at Amaliegade 8 in central Copenhagen, built in 1785-88 as part of the residential district next to the Royal Castle. Amaliegade 8 was acquired by J.C. Hempel in 1933 and was the headquarters for the Hempel companies before they relocated to Kgs. Lyngby, north of Copenhagen, in 1972. The Hempel Foundation remained in Amaliegade 8 and today it has offices and meeting rooms in this building.

The Hempel Foundation is also the owner of the properties housing the Hempel Group's headquarters and main R&D departments in Kgs. Lyngby, Denmark.

Hempel Invest A/S, a 100 per cent owned investment subsidiary of the Hempel Foundation, has also made the following significant property-related investments:

- Further HQ office facilities under construction for the Hempel Group. The construction started in spring 2019 and is expected to be finished in autumn 2021
- Full ownership of two forests located in Denmark
- Shareholdings in a listed real estate property company

#### *Direct investments*

Direct investments are investments in shareholdings, private equity and alternative investments. The Hempel Foundation and its investment company Hempel Invest A/S have made a number of direct investments such as:

- Shareholdings in SME companies
- Private equity investments

- Direct venture investments
- Social impact investment: The Hempel Foundation was among the first round investors in Den Sociale Kapitalfond Invest (SKFI) in 2017

In autumn 2019 the Board of the Hempel Foundation decided that the Foundation is open for thematic impact investments relating to the strategic focus areas in the philanthropic strategy: education and nature/biodiversity.

#### **Net financial income**

The net financial income from the Hempel Foundation's investment portfolio resulted in a satisfactory return of EUR 15 million in 2019, compared to a negative return of EUR 7.3 million in 2018. The fully owned subsidiary Hempel Invest A/S had a positive return of EUR 12 million on investments in 2019, compared to a positive return of EUR 8 million in 2018.

#### **Financial report of the Hempel Foundation**

The outcome of the Hempel Foundation's activities in 2019 is considered satisfactory. The net profit after tax for 2019 was EUR 69 million compared to EUR 42 million in 2018.

The Hempel Foundation's total revenue for 2019 decreased to EUR 1,680 million compared to EUR 1,688 million in 2018.

Subsequent to the approval of the annual report for Hempel A/S, COVID-19 has changed the outlook for 2020, as the outbreak and the measures taken by governments in most of the world to mitigate the impacts of the outbreak, is expected to negatively affect the outlook. Further, the effect of COVID-19 on the financial markets and hence the Hempel Foundation's other securities and investments is uncertain. Therefore, Management finds itself unable to disclose reliably its outlook for the future in

accordance with section 12 of the Danish Financial Statements Act.

#### **Subsequent events**

After the publication of the Group Annual Report for 2019 of Hempel A/S, the COVID-19 outbreak has escalated and has already had a material impact on the global economy. Management considers the implications of COVID-19 a subsequent event occurred after the balance sheet date (31 December 2019), which is therefore considered a non-adjusting event.

Refer to disclosures about events after the reporting date in note 5.6.



Eight colleagues from Hempel A/S volunteering at Hempel Foundation's education project in West Timor, Indonesia in 2019

# Hempel A/S Letter to Stakeholders 2019

The Chair and the CEO of Hempel A/S wrote a joint Letter to Stakeholders in the Annual Report of Hempel A/S 2019, which the Hempel Foundation would like to share in its original form.

2019 was a good year for Hempel, in which we returned to positive organic growth and continued the profound transformation of our global company.

At Hempel, we have spent the last four years getting our house in order, continuing the modernisation of our company that we began with the launch of our *Journey to Excellence* strategy in particular from March 2016. We have now built the necessary internal structures, procedures and, most importantly, team and culture, to propel our company forward into the 2020's. This work has been challenging at times, but it has also been an opportunity to push ourselves to improve, and the results are indeed very satisfying.

## Performance in 2019

We saw a return to organic growth in 2019, driven by strong organic growth in the second

half of the year of 4.8 per cent, as well as underlying progress in earnings and margins in most of our regions and segments. 2019 was our first full year with J.W. Ostendorf and in absolute terms we grew by 14.0 per cent. The EBITDA margin development was stable despite supply chain challenges in China and integration of J. W. Ostendorf. Group EBITDA ended the year at EUR 157 million, with a corresponding EBITDA margin of 10.2 per cent.

Our goal of doubling Hempel's revenue, and leading the markets in which we choose to compete, remains in place. We already lead the industry in a number of areas and have laid a solid foundation for growth in others. We have built a strong culture, improved compliance and productivity, and embedded innovation and customer-focus throughout the company to ensure we continue to develop value-adding and increasingly sustainable solutions for customers around the globe. In 2019, for example, we launched Hempaguard MaX, a new hull coating solution that builds on the success of our market-leading Hempaguard X7. Hempaguard MaX improves the hydrodynamics of ocean-going

vessels to significantly reduce fuel consumption and associated emissions – and can play a key role in helping customers improve profitability and environmental performance.

## A culture of care and improvement

We are proud to say that we have a unique culture at Hempel, one in which we dare each other to go further and give each other the support we need to excel. This ensures we have the framework and motivation we need to grow and develop, both as a team and individually. It is encapsulated in our Hempel at Heart values and is an essential part of our success.

We are very pleased that 90 per cent of our people worldwide responded to our annual Employee Engagement Survey, which was again carried out across all countries and functions. The 2019 results show an impressive increase in overall satisfaction and motivation. Since we launched the survey three years ago, we have seen a steady increase in satisfaction and motivation across the Group. To maintain these good results, we will continue our focus on leadership, employee involvement and

communication, both internally and externally, in the years to come.

In 2019, nearly 2,000 customers responded to our Customer Experience Survey and hereby provided us valuable feedback on our work and relationship with them. The results represent significant progress, and are now at an all-time high. Furthermore, it showed that across Hempel, the most important driver of customer loyalty is focus on understanding our customers' needs and being a trustworthy organisation.

In 2019, the strength of our culture was seen in the turnaround in Asia-Pacific. After years of challenges, we gave the new leadership team responsibility for turning the region around with the full support of the rest of the organisation. It was therefore pleasing to see strong organic growth of 21.9 per cent in Asia-Pacific in the second half of the year, married to strong progress in employee satisfaction. We would like to congratulate every one of our colleagues in the region for achieving these results. In 2019, we also merged our two sub-regions in the Middle East and worked with our local partners to

modernise the ownership structure of our joint ventures. We now have one integrated management team in the Middle East, operating from our regional headquarters in Bahrain, and we are well positioned to grow and operate successfully in the region in the future.

### Unique ownership structure

As leaders of a global company, it is our job to take care of Hempel for the next generation to come – to build on the successes of the past for future generations. Hempel's ownership structure is integral to making this possible. Our company is entirely owned by the Hempel Foundation, a foundation dedicated to investing in long-term value creation and making a positive difference around the world. This forms a strong part of our heritage, culture and identity. For our employees, it gives a strong sense of pride and a purpose to our work. Through the Hempel Foundation, some of the profits we earn are used to support good causes around the globe. For example, since 2011, the Foundation has initiated projects supporting quality education for 180,000 children. This is something of which every Hempel employee can be proud.

Our ownership structure is important for another reason: It gives us the ability to focus on the very long term. Thanks to the financial stability the Foundation provides, we can invest long-term in customer solutions, innovation, sustainability and employee development. There were many examples of progress in these areas in 2019.

We continued to invest in market-driven innovation, launching a number of top-of-the-line products that will help our customers further improve their businesses and environmental performance. We reduced our own waste, energy consumption and use of hazardous raw materials, with the long-term goal of leading sustainability and transparency in the coatings industry. And, we continued our investments in future talent by introducing new development programmes that mean we can now help

employees grow from new graduates into seasoned leaders. You can read about all of these developments and more in this report.

### Building a strong decorative presence in Europe

Part of our strategy requires the successful development of our decorative business. We took great strides in this in 2018 when we acquired J.W. Ostendorf in Germany, including Renaulac in France. Following the acquisition, we have realised more synergies than anticipated and we finalised the post-merger integration after just one year – which is a tremendous achievement. Not only have we integrated our core processes, ensuring J.W. Ostendorf and Renaulac are integrated on the back end, but we have quickly realised the benefits of the cultural fit and synergies between the companies.

We can now see that the underlying business performance of the two companies was not as strong as anticipated. The business case remains strong; however, it will take us longer to realise than expected. Therefore, our focus now is to lift margins and further develop our Decorative organisation to ensure we gain the full benefit of the experience and skills that our new colleagues have brought to the company.

Our work with J.W. Ostendorf and Renaulac has shown that we have the ability to quickly and successfully integrate companies into the Hempel family. This has given us a blueprint for future integrations, and we will continue to grow by welcoming new family members and new businesses to our Group, with our perspective of long-term mutual value creation.

### Expanding our manufacturing footprint

As part of our drive to sustain growth, we are investing in our manufacturing footprint. We are opening a new factory in Saudi Arabia in early 2020 and continue the work on two new factories in North Asia. In 2019, our manufacturing in Asia was challenged by circumstances beyond our control, but we were pleased to be

able to deal with the issue with no discernible loss of service to customers. In April, the authorities in Kunshan province in China temporarily closed over 1,000 factories in the region, our factory among them. Our factory reopened in November. Despite the major disruption, we still sold more coatings in the region than in 2018. Much credit for this should go to our supply chain team. In particular, we would like to thank our employees in Kunshan, many of whom have travelled long distances to help out with extra shifts at our other factories in China.

### Looking to the horizon

2019 was the penultimate year in our *Journey to Excellence* strategy and we have already come a long way since launching the strategy four years ago. We have finished 25 strategic initiatives, and we have 18 more underway – all designed to modernise Hempel and build a solid foundation for future growth.

We reduced average net working capital days from 72 in 2018 to an all-time low of 67 days in 2019. As a result, we continued to deliver positive cash flow in 2019, and further brought down net debt by EUR 11 million. In addition, we refinanced our credit into a EUR 1 billion credit facility. Combined with our net working capital improvements, which have freed up more than EUR 170 million in cash since 2016, this puts us in a strong position to pursue our growth strategy and acquire new family members with the right cultural and business fit in the next few years.

Looking ahead to 2020, we expect to see organic growth in line with or slightly above the market. From an earnings perspective, we expect to see continuous margin improvements in the underlying business. Reported EBITDA margin, however, is expected to drop slightly due to investments in our future supply chain in China. In absolute terms, we expect our EBITDA to remain stable at around EUR 150-160 million.

We will update our strategy, designed to build on our past successes and take us forward to a bright sustainable future, in which we lead the industry in the areas that we choose to compete in. Our goal remains to double Hempel and we remain on track. Right now, our focus is on getting things done, and finishing the transformation of our company that we began four years ago.

### Subsequent events

After the publication of the Group Annual Report for 2019 of Hempel A/S, the COVID-19 outbreak has escalated and has already had a material impact on the global economy. We refer to the description on page 50 and section 5.6 Events after reporting period.

### A final word of thanks

Overall, 2019 was a positive year for Hempel. This was only possible with the commitment of our highly skilled and dedicated colleagues across the globe and we would like to thank them for their hard work. We would also like to thank Henrik Andersen, our Chief Executive Officer from March 2016 to July 2019, for his dedicated work at Hempel. We wish him all the best for the future.

Finally, we would like to extend our gratitude to you – our customers, shareholder and other stakeholders – for your ongoing support.

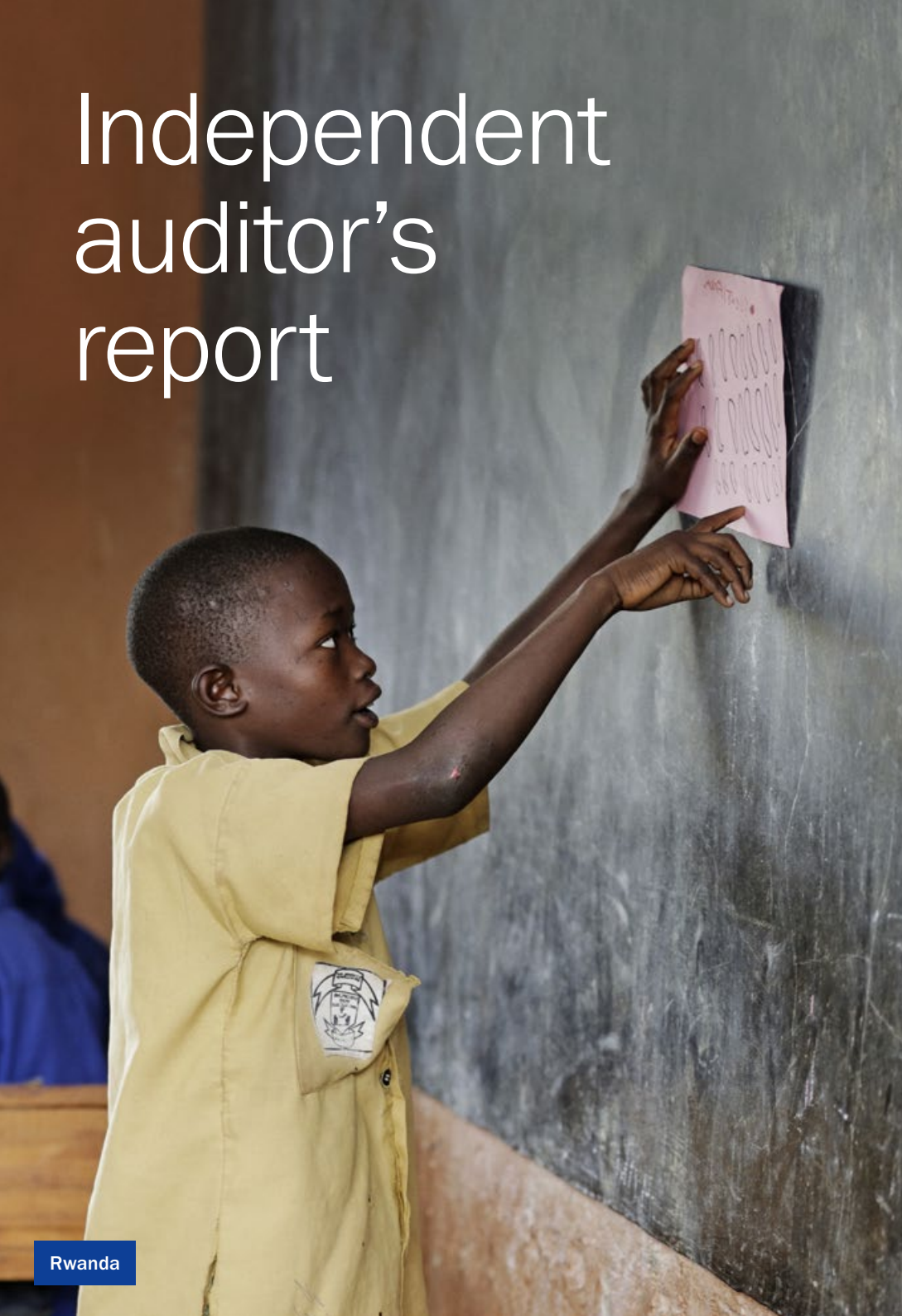


Lars Petersson  
Group President &  
Chief Executive Officer of Hempel A/S



Richard Sand  
Chair of the  
Board of Directors of Hempel A/S

# Independent auditor's report



## Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Hempel Foundation at 31 December 2019, and of the results of the Hempel Foundation's operations and cash flows for the financial year 1 January - 31 December 2019 in accordance with the Danish Financial Statements Act.

We have audited the financial statements of the Hempel Foundation for the financial year 1 January - 31 December 2019, which comprise income statement, balance sheet, statement of cash flows, statement of changes in equity and notes, including accounting policies ("financial statements").

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Hempel Foundation in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the financial statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

## Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Hempel Foundation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Hempel Foundation or to cease operations, or has no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and

perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Hempel Foundation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or

conditions that may cast significant doubt on the Hempel Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Hempel Foundation to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Hellerup, 2 April 2020

### PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab  
CVR no. 33771231



Mads Melgaard  
State Authorised Public Accountant  
mne34354



Anders Stig Lauritsen  
State Authorised Public Accountant  
mne32800

# Financial statements

A scenic view of a river flowing through a dense, lush green forest in Uganda, with mountains visible in the background under a cloudy sky. The river is the central focus, winding through the forest. The trees are vibrant green, and the mountains in the distance are partially shrouded in mist or low clouds. The overall atmosphere is serene and natural.



**58 Primary statements**

- 58 Key figures
- 59 Income statement
- 60 Balance sheet
- 61 Statement of changes in equity
- 63 Cash flow statement

**64 Section 1  
Basis of preparation**

- 64 1.1 General accounting policies

**66 Section 2  
Results for the year**

- 66 2.1 Revenue
- 66 2.2 Employee costs
- 66 2.3 Income from investments  
in subsidiaries
- 67 2.4 Income tax

**69 Section 3  
Operating assets and liabilities**

- 69 3.1 Property, plant and equipment
- 70 3.2 Other securities and investments
- 70 3.3 Prepayments
- 71 3.4 Receivables
- 71 3.5 Other liabilities

**73 Section 4  
Capital structure  
and financing items**

- 73 4.1 Base capital
- 73 4.2 Financial risks
- 73 4.3 Net financials
- 73 4.4 Cash and cash equivalents, net
- 73 4.5 Changes in working capital

**74 Section 5  
Other disclosures**

- 74 5.1 Fee to the auditors appointed  
at the General Meeting
- 74 5.2 Adjustments for non-cash operating  
items
- 74 5.3 Related parties and ownership
- 75 5.4 Investments in subsidiaries
- 75 5.5 Contingent liabilities and other  
financial obligations
- 75 5.6 Events after the reporting period
- 76 5.7 Group overview
- 78 5.8 Financial definitions

# Key figures

In EUR thousands (unless otherwise stated)

	2019	2018	2017	2016	2015
<b>Income statements</b>					
Revenue	1,680	1,688	1,853	1,853	1,765
EBITDA	52	-34	236	409	317
Depreciation and impairment	5,770	935	972	968	969
Operating profit	-5,718	-969	-736	-559	-652
Income from investments in subsidiaries	59,938	49,987	41,706	32,202	95,347
Net financials	14,997	-7,345	9,362	14,604	976
Profit before tax	69,217	41,673	50,332	46,247	95,671
Net profit for the year	69,217	41,669	50,325	46,246	95,514
<b>Balance</b>					
Balance sheet total	854,792	794,377	750,977	738,156	726,141
Equity	777,994	727,293	715,488	714,990	698,915
<b>Cash flows</b>					
Operating activities	-171	459	3,968	-3,646	-27
Investing activities	-59,366	41,470	-13,253	36,457	8,701
- including net investments in property, plant and equipment	-17,978	-2,399	-15	—	-74
Financing activities	-9,052	15,945	4,733	-16,681	-9,753
Change in cash and cash equivalents	-68,589	57,874	-4,552	16,130	-1,079

	2019	2018	2017	2016	2015
<b>Employees</b>					
Average number of employees	8	7	4	3	3
<b>Donations</b>					
Donations for the year	21,061	20,384	19,696	16,568	7,589
<b>Ratios (%)</b>					
Solvency ratio	91.0	91.6	95.3	96.9	96.3
Return on equity	9.2	5.8	7	6.5	14.7

For definitions see note 5.8.

# Income statement

In EUR thousands

Note	2019	2018
2.1 Revenue	1,680	1,688
Other operating income	–	14
Other external expenses	-623	-824
<b>Gross profit</b>	<b>1,057</b>	<b>878</b>
2.2 Employee costs	-1,005	-912
3.1 Depreciation and impairment	-5,770	-935
<b>Operating profit</b>	<b>-5,718</b>	<b>-969</b>
2.3 Income from investments in subsidiaries	59,938	49,987
<b>Profit before financial income and expenses</b>	<b>54,220</b>	<b>49,018</b>
4.3 Net financials	14,997	-7,345
<b>Profit before tax</b>	<b>69,217</b>	<b>41,673</b>
2.4 Income tax	–	-4
<b>Net profit for the year</b>	<b>69,217</b>	<b>41,669</b>

Distribution of profit	2019	2018
<i>Proposed distribution of profit:</i>		
Donations for the year	21,061	20,384
Reserve for net revaluation under the equity method	59,935	49,987
Retained earnings	-11,779	-28,702
	<b>69,217</b>	<b>41,669</b>

# Balance sheet

## as at 31 December – assets

In EUR thousands

Note	2019	2018
Land and buildings	16,564	21,515
Other fixed assets	1,168	1,995
Assets under construction	20,291	2,314
<b>3.1 Property, plant and equipment</b>	<b>38,023</b>	<b>25,824</b>
5.4 Investments in subsidiaries	590,788	528,204
3.2 Other securities and investments	127,048	112,701
2.4 Deferred tax asset	–	–
<b>Fixed asset investments</b>	<b>717,836</b>	<b>640,905</b>
<b>Total non-current assets</b>	<b>755,859</b>	<b>666,729</b>
Receivables from Group enterprises	93,995	54,485
Other receivables	1,614	1,218
<b>3.4 Receivables</b>	<b>95,609</b>	<b>55,703</b>
<b>Cash at bank and in hand</b>	<b>3,324</b>	<b>71,945</b>
<b>Current assets</b>	<b>98,933</b>	<b>127,648</b>
<b>Total assets</b>	<b>854,792</b>	<b>794,377</b>

# Balance sheet

## as at 31 December – equity and liabilities

In EUR thousands

Note	2019	2018
4.1 Base capital	4,691	4,691
Reserve for net revaluation under the equity method	586,365	523,778
Retained earnings	156,824	168,693
Reservation for grants	30,114	30,131
<b>Total equity</b>	<b>777,994</b>	<b>727,293</b>
Pension obligations and similar obligations	238	240
<b>Provisions</b>	<b>238</b>	<b>240</b>
Loans	18,613	19,588
<b>Long-term debt</b>	<b>18,613</b>	<b>19,588</b>
Short-term part of loans	740	716
Payables to Group enterprises	890	1,230
3.5 Other liabilities	56,317	45,310
<b>Total current liabilities</b>	<b>57,947</b>	<b>47,256</b>
<b>Total liabilities</b>	<b>76,798</b>	<b>67,084</b>
<b>Total equity and liabilities</b>	<b>854,792</b>	<b>794,377</b>

# Statement of changes in equity as at 31 December

In EUR thousands

Note	Base capital	Reserve for net revaluation	Retained earnings	Reservation for grants	Total
<b>Equity</b>					
Equity at 1 January 2018	4,691	522,940	157,635	30,222	715,488
Net profit for the year	–	49,987	-28,702	20,384	41,669
Dividend received	–	-40,175	40,175	–	–
Exchange adjustments at year-end rate	–	-8,704	-433	-91	-9,228
Remeasurements of defined benefit plans	–	-270	18	–	-252
Grants for the year	–	–	–	-20,384	-20,384
<b>4.1 Equity at 31 December 2018</b>	<b>4,691</b>	<b>523,778</b>	<b>168,693</b>	<b>30,131</b>	<b>727,293</b>
Net profit for the year	–	59,935	-11,779	21,061	69,217
Dividend received	–	–	–	–	–
Exchange adjustments at year-end rate	–	5,587	-92	-17	5,478
Remeasurements of defined benefit plans	–	-2,519	2	–	-2,517
Tax on equity	–	-416	–	–	-416
Grants for the year	–	–	–	-21,061	-21,061
<b>4.1 Equity at 31 December 2019</b>	<b>4,691</b>	<b>586,365</b>	<b>156,824</b>	<b>30,114</b>	<b>777,994</b>



# Cash flow statement

In EUR thousands

Note	2019	2018
<b>Cash flows from operating activities</b>		
Operating profit	-5,718	-969
5.2 Adjustment for non-cash operating items	5,771	912
4.5 Changes in working capital	-224	513
Income tax paid/received	–	3
<b>Total cash flows from operating activities</b>	<b>-171</b>	<b>459</b>
<b>Cash flows from investing activities</b>		
5.4 Dividend received from subsidiaries	–	40,175
3.1 Purchase of property, plant and equipment	-17,978	-2,477
3.2 Purchase of fixed asset investments	-54,415	-117,379
Sale of property, plant and equipment	–	78
3.2 Sale of fixed asset investments	52,462	170,091
Change in receivables designated as investing activities	-39,435	-49,018
<b>Total cash flows from investing activities</b>	<b>-59,366</b>	<b>41,470</b>

In EUR thousands

Note	2019	2018
<b>Cash flows from financing activities</b>		
Change in loans	-951	20,304
Interest income and expenses, net	2,318	4,932
Paid grants	-10,419	-9,291
<b>Total cash flows from financing activities</b>	<b>-9,052</b>	<b>15,945</b>
<b>Change in cash and cash equivalents</b>	<b>-68,589</b>	<b>57,874</b>
4.4 Cash and equivalents, net, beginning of year	71,945	13,901
Exchange adjustment	-32	170
<b>4.4 Cash and equivalents, net, end of year</b>	<b>3,324</b>	<b>71,945</b>

# Section 1

## Basis of preparation

### 1.1 General accounting policies

#### General

This section gives a summary of the significant accounting policies. Further accounting policies are presented in the specific notes.

The Annual Report of the Hempel Foundation for 2019 has been prepared in accordance with the provisions of the Danish Financial Statements Act (Årsregnskabsloven) applying to large enterprises of reporting class C. The Annual Report for 2019 is presented in EUR thousands.

The accounting policies applied remain unchanged from previous years.

#### Consolidated financial statements

With reference to section 111 of the Danish Financial Statements Act, no consolidated financial statements are prepared.

#### Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised costs are recognised.

Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Hempel Foundation, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Hempel Foundation, and the value of the liability can be measured reliably. Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report that confirm or invalidate affairs and conditions existing at the balance sheet date. Euro is used as the

presentation currency. All other currencies are regarded as foreign currencies.

#### Foreign currency translation

##### *Functional and presentation currency*

Items included in the financial statements of each of the Hempel Foundation entities are measured using the currency of the primary economic environment in which the entity operates (functional currency).

##### *Translation of transactions and balances*

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the



balance sheet date and the transaction date rates are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

#### *Translation of Group companies*

Financial statements of foreign subsidiaries and associates are translated into euro at the exchange rates prevailing at the end of the reporting period for balance sheet items, and at average exchange rates for income statement items, with the exception of exchange rate adjustments of investments in subsidiaries and associates arising from:

- the translation of foreign subsidiaries' and associates' net assets at the beginning of the year at the exchange rates at the end of the reporting period
- the translation of foreign subsidiaries' and associates' income statement from average exchange rates to exchange rates at the end of the reporting period
- the translation of intra-Group receivables that are considered to be an addition to net investments in subsidiaries.

These specific exchange rate adjustments are recognised directly in equity.

#### **Other operating income**

Other operating income and operating expenses comprise items of a secondary nature relative to the Foundation's core activities, including gains or losses on the sale of fixed assets.

#### **Other external expenses**

Other external expenses include the year's expenses relating to the Foundation's core activities, including expenses relating to administration, premises, etc.

#### **Cash flow statement**

The cash flow statement for the Hempel Foundation shows the cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as cash and cash equivalents for the Hempel Foundation at the beginning and end of the year.

#### *Cash flows from operating activities*

Cash flows from operating activities are calculated as the net profit/loss for the year

adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

#### *Cash flows from investing activities*

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

#### *Cash flows from financing activities*

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt.

#### *Cash and cash equivalents*

The cash flow statement cannot be immediately derived from the published financial records.

For further accounting policies, please refer to the notes.

# Section 2

## Results for the year

### 2.1 Revenue

#### Accounting policies

Revenue from rent income is recognised in the income statement in the periods the rent concerns.

Revenue is recognised exclusive of VAT and net of discounts relating to sales.

### 2.2 Employee costs

#### Accounting policies

Wages, salaries, social security contributions, annual leave and sick leave, bonuses and non-monetary benefits are recognised in the year in which the associated services are

rendered by employees of the Hempel Foundation. Where the Hempel Foundation provides long-term employee benefits, the costs are accrued to match the rendering of the services by the employees concerned.

*In EUR thousands*

	2019	2018
Board of Trustees and Executive Director	640	626
Wages and salaries	266	194
Pension contributions	99	92
	<b>1,005</b>	<b>912</b>
<i>Employees:</i>		
Average number of employees	<b>8</b>	<b>7</b>

An additional fee to the Board of Trustees in subsidiaries within the Hempel Foundation Group amounted to EUR 457 thousand (2018: EUR 457 thousand).

With reference to §98b of the Danish Financial Statements Act, the remuneration to the Executive Director is included in the line "Board of Trustees and Executive Director" as Management consists of one person only.

### 2.3 Income from investments in subsidiaries

#### Accounting policies

The items 'Income from investments in subsidiaries' in the income statement include the proportionate share of the profit for the year less depreciation of intercompany profits.

*In EUR thousands*

	2019	2018
Profit before tax	90,188	75,781
Tax for the year	-30,253	-25,794
<b>Profit after tax</b>	<b>59,935</b>	<b>49,987</b>

## 2.4 Income tax

### Income tax

#### Accounting policies

Income tax for the year consists of current tax for the year and deferred tax for the year. The

tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

*In EUR thousands*

	2019	2018
Total tax	–	-4
	–	-4
Current tax for the year	–	-4
Deferred tax for the year	–	–
Adjustment in respect of previous years	–	–
	–	-4

### Deferred tax assets and liabilities

#### Accounting policies

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carryforwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the

legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

### Current tax receivables and liabilities

#### Accounting policies

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account.

Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.



Scaly Ground Roller, Madagascar

# Section 3

## Operating assets and liabilities

### 3.1 Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Costs comprise the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use. In the case of assets of own construction, costs comprise direct and indirect expenses for labour, materials, components and sub-suppliers.

Interest expenses on loans raised directly for financing the construction of property, plant and equipment are recognised in costs over the period of construction. All indirectly attributable borrowing expenses are recognised in the income statement.

Depreciation based on costs reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Buildings (max.).....30-50 years  
Other fixtures and fittings,  
tools and equipment ..... 3-10 years  
*Land is not depreciated*

Leasehold improvements are included in other operating equipment and are recognised at cost and depreciated over the term of the lease; however, not exceeding 10 years.

#### Impairment of fixed assets

The carrying amounts of property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

*In EUR thousands*

	Land and buildings	Other fixed assets	Assets under construction	Total
Costs, beginning of year	24,566	4,123	2,314	31,003
Exchange adjustment at year-end rate	-13	-4	-1	-18
Additions for the year	–	–	17,978	17,978
Disposals for the year	–	–	–	–
<b>Costs, end of year</b>	<b>24,553</b>	<b>4,119</b>	<b>20,291</b>	<b>48,963</b>
Accumulated depreciation, beginning of year	3,051	2,128	–	5,179
Exchange adjustment at year-end rate	-5	-4	–	-9
Depreciation for the year	104	827	–	931
Impairment for the year	4,839	–	–	4,839
Reversal of depreciation of assets sold	–	–	–	–
<b>Accumulated depreciation, end of year</b>	<b>7,989</b>	<b>2,951</b>	<b>–</b>	<b>10,940</b>
<b>Carrying amount, end of year</b>	<b>16,564</b>	<b>1,168</b>	<b>20,291</b>	<b>38,023</b>

## 3.2 Other securities and investments

### Accounting policies

Other securities and capital investment, recognised under fixed assets, consist of listed and non-listed bonds and shares measured at fair value on the balance sheet date. The fair value of listed shares and bonds is calculated on the latest listed closing quote. The fair value of investments in other securities and investments which are not traded often, is measured with reference to the latest publicly announced equity. Realised and unrealised capital gains and capital losses are included in net financials in the income statement.

*In EUR thousands*

	2019	2018
Costs, beginning of year	122,442	176,293
Additions for the year	54,415	117,379
Disposals for the year	-52,524	-170,701
Exchange rate at year-end rate	-69	-529
<b>Costs, end of year</b>	<b>124,264</b>	<b>122,442</b>
Net revaluations, beginning of year	-9,741	2,141
Net revaluations for the year	12,519	-11,876
Exchange rate at year-end rate	6	-6
<b>Net revaluations, end of year</b>	<b>2,784</b>	<b>-9,741</b>
<b>Carrying amount, end of year</b>	<b>127,048</b>	<b>112,701</b>

*In EUR thousands*

	2019	2018
<i>The net values are specified as follows:</i>		
Bonds	72,908	57,059
Shares	54,140	55,642
	<b>127,048</b>	<b>112,701</b>

## 3.3 Prepayments

### Accounting policies

Prepayments comprise prepaid expenses relating to rent, insurance premiums and interest.

## 3.4 Receivables

### Accounting policies

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts. Provisions for bad debts are determined on the basis of an individual assessment of each receivable and, in respect of trade receivables, a general provision is also

made based on the Hempel Foundation's experience from previous years.

Receivables are recognised in the balance sheet at amortised cost, which substantially corresponds to nominal value. Provisions for estimated bad debts are made.

## 3.5 Other liabilities

### Accounting policies

Other liabilities are measured at amortised cost, substantially corresponding to nominal value.

Other liabilities comprise donations not yet paid, employee costs payable, VAT and duties payable, accruals, other payables and fair values of derivative financial instruments.

*In EUR thousands*

	2019	2018
Receivables	95,609	55,703
of which due more than one year from balance sheet date	—	—
	<b>95,609</b>	<b>55,703</b>





# Section 4

## Capital structure and financing items

### 4.1 Base capital

The base capital of the Foundation amounts to DKK 35 million.

### 4.2 Financial risks

The Foundation has adopted a conservative investment strategy and hence is not exposed to financial risks other than what is considered normal market risk.

### 4.3 Net financials

#### Accounting policies

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

*In EUR thousands*

	2019	2018
External interest income	563	793
Interest income from subsidiaries	1,291	138
External interest expenses	-484	-482
Dividend	2,104	5,168
Realised and unrealised exchange gains/losses, net	11,523	-12,962
	<b>14,997</b>	<b>-7,345</b>

### 4.4 Cash and cash equivalents, net

#### Accounting policies

Cash and cash equivalents consist of cash at bank and in hand offset by overdraft facilities.

*In EUR thousands*

	2019	2018
Cash at bank and in hand, beginning of year	71,945	13,901
Overdraft facilities, beginning of year	—	—
	<b>71,945</b>	<b>13,901</b>
Cash at bank and in hand, end of year	3,324	71,945
Overdraft facilities, end of year	—	—
	<b>3,324</b>	<b>71,945</b>

### 4.5 Changes in working capital

#### Accounting policies

Working capital is defined as current operating assets less current operating liabilities.

*In EUR thousands*

	2019	2018
Change in receivables	-290	150
Change in trade payables	66	363
	<b>-224</b>	<b>513</b>

# Section 5

## Other disclosures

### 5.1 Fees to the auditors appointed at the General Meeting

In EUR thousands

	2019	2018
Audit fee	18	18
Other assurance engagements	–	–
Tax advice	–	–
Other fees	7	4
	<b>25</b>	<b>22</b>

### 5.2 Adjustments for non-cash operating items

For the purpose of presenting the statement of cash flows, non-cash items with effect on the income statement must be reversed to identify the actual cash flow effect from the income statement. The adjustments are specified as follows:

In EUR thousands

	2019	2018
Depreciations and impairment	5,770	935
Gains and losses on the sale of fixed assets	–	-23
Exchange rate adjustment	1	–
	<b>5,771</b>	<b>912</b>

### 5.3 Related parties and ownership

Related parties and ownership	Basis
<i>Controlling influence:</i>	
Hempel Invest A/S, Amaliegade 8, 1256 Copenhagen K, Denmark	Related party
Subsidiaries owned by Hempel Invest A/S as specified in note 5.7	
Members of the Executive Board and Board of Directors of Hempel A/S and Hempel Invest A/S as well as the Board of Trustees of the Hempel Foundation are also regarded as related parties. For remuneration to the Board of Trustees, please refer to note 2.2 Employee costs.	
<i>Other related parties:</i>	
Hempel's Employee Foundation, Amaliegade 8, 1256 Copenhagen K, Denmark	Related party
Hempel's Cultural Foundation, Amaliegade 8, 1256 Copenhagen K, Denmark	Related party
Hempel's Employee Foundation of 2017, Lundtoftegårdsvej 91, 2800 Kgs. Lyngby, Denmark	Related party
<i>Transactions:</i>	
All related-party transactions were carried out at arm's length	

The Hempel Foundation had the following transactions with related parties, (income)/expense:

In EUR thousands

	2019	2018
<i>Hempel Invest A/S</i>		
Administrative services provided by the Hempel Foundation	-126	-127
<i>Brænderupvænge ApS</i>		
Administrative services provided by the Hempel Foundation	-2	-2
<i>Keldskov ApS</i>		
Administrative services provided by the Hempel Foundation	-2	-2
<i>Hempel's Employee Foundation</i>		
Administrative services provided by the Hempel Foundation	-4	-4
<i>Hempel's Cultural Foundation</i>		
Administrative services provided by the Hempel Foundation	-6	-6
Donation from the Hempel Foundation	-581	-
<i>Hempel's Employee Foundation of 2017</i>		
Administrative services provided by the Hempel Foundation	-1	-1
<i>Hempel A/S</i>		
Administrative services provided by Hempel A/S	28	27
Rent payments	-1,550	-1,503
Interests	-1,292	-138

## 5.4 Investments in subsidiaries

### Accounting policies

Investments in subsidiaries are recognised and measured under the equity method. This implies that the investments are measured in the balance sheet at the proportionate ownership share of the net asset value of the enterprises with deduction or addition of shares of unrealised intercompany profits and losses.

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to 'Reserve for net revaluation under the equity method' under equity. The reserve is reduced by dividend distributed to the parent company and adjusted for other equity movements in subsidiaries.

In EUR thousands

	2019	2018
Costs, beginning of year	4,426	4,439
Additions	-	-
Disposals	-	-
Exchange adjustment at year-end rate	-3	-13
<b>Costs, end of year</b>	<b>4,423</b>	<b>4,426</b>
Net revaluations, beginning of year	523,778	522,940
Exchange adjustment at year-end rate	5,587	-8,704
Remeasurements of defined benefit plans	-2,519	-270
Tax on equity	-416	-
Profit before tax	90,188	75,781
Tax for the year	-30,253	-25,794
Dividend received	-	-40,175
<b>Net revaluations, end of year</b>	<b>586,365</b>	<b>523,778</b>
<b>Carrying amount, end of year</b>	<b>590,788</b>	<b>528,204</b>

## 5.5 Contingent liabilities and other financial obligations

### Other contingent liabilities

The Foundation has pledged investments in bonds and shares of EUR 2 million as security for credit facilities with banks. Further as security for loans from credit institutions of EUR 19.4 million, the Foundation has pledged security in land and buildings with a booked value of EUR 16.6 million.

The Hempel Foundation has committed a total investment in other securities of EUR 1.3 million. As of December 31 2019 the remaining commitment is EUR 1.1 million.

## 5.6 Events after the reporting period

After the publication of the Group Annual Report for 2019 of Hempel A/S, the COVID-19 outbreak has escalated and has already had a material impact on the global economy. Management considers the implications of COVID-19 a subsequent event occurred after the balance sheet date (31 December 2019), which is therefore considered a non-adjusting event.

There is a high uncertainty related to the COVID-19 impact on the income from investments in subsidiaries in 2020, there is an increased risk related to the results and our customer's ability to pay going forward is also considered an increasing risk. Further, the effect of COVID-19 on the financial markets and hence the Hempel Foundation's other securities and investments is uncertain.

Financially, Hempel is sound with sufficient credit facilities to support the business. We are monitoring the situation and will take necessary actions.

## 5.7 Group overview

Location	Name	Currency	Share capital	Ownership
Argentina	Hempel Argentina S.R.L.	ARS	338,774,200	100%
Australia	Hempel (Australia) Pty. Ltd.	AUD	700,000	100%
Austria	Ostendorf GmbH	EUR	18,168	65%
Bahrain	Dahna Paint Middle East Holding B.S.C. (closed)	BHD	5,000,000	51%
Bahrain	Hempel Paints (Bahrain) S.P.C.	BHD	300,000	51%
Brazil	Hempel Tintas do Brasil Ltda	BRL	31,211,487	100%
Canada	Hempel (Canada) Inc.	CAD	1,776,005	100%
Chile	Pinturas Hempel Chile SpA	CLP	1,651,829	100%
China	Hempel (China) Limited	HKD	106,000,000	100%
China	Hempel (China) Management Co., Ltd.	CNY	50,000,000	100%
China	Hempel (Kunshan) Coatings Ltd.	CNY	110,035,054	100%
China	Hempel (Yantai) Coatings Ltd.	CNY	42,656,510	100%
China	Hempel (Guangzhou) Coatings Ltd.	CNY	185,327,620	100%
China	Hempel Coatings (Zhangjiagang) Ltd.	USD	0	100%
Croatia	Hempel Coatings (Croatia) Ltd.	HRK	31,019,200	100%
Cyprus	Hempel Coatings (Cyprus) Limited	EUR	1,000	100%
Czech Republic	Hempel (Czech Republic) s.r.o.	CZK	30,000,000	100%
Denmark	Hempel A/S	DKK	115,000,000	100%
Denmark	HSA (Danmark) A/S	DKK	10,000,000	100%
Denmark	Hempel Decorative Paints A/S	DKK	1,000,000	100%
Denmark	BriFa Maling A/S	DKK	11,200,000	65%
Denmark	Hempel Invest A/S	DKK	115,000,000	100%
Denmark	Brænderupvænge ApS	DKK	130,000	100%
Denmark	Keldskov ApS	DKK	175,000	100%
Denmark	Frontier Innovation ApS	DKK	1,490,135	100%
Denmark	S E Innovation ApS	DKK	2,235,200	100%
Denmark	Hempel Foundation	DKK	35,000,000	-
Ecuador	Hempel (Ecuador) S.A.	USD	100,000	100%
Egypt	Hempel Coatings Egypt LLC	EGP	3,000,000	100%
Egypt	Hempel Egypt L.L.C.	EGP	200,000	100%
Egypt	Hempel Paints Egypt LLC	EGP	250,000	99%
Finland	OY Hempel (Finland) AB	EUR	63,000	100%
France	Hempel (France) S.A.	EUR	1,220,000	100%

Location	Name	Currency	Share capital	Ownership	Location	Name	Currency	Share capital	Ownership
France	BB Participations SAS	EUR	4,000,000	65%	Portugal	Hempel (Portugal) S.A.	EUR	1,246,995	100%
France	BB Fabrications SAS	EUR	1,000,000	65%	Qatar	Hempel Paints (Qatar) W.L.L.	QAR	4,000,000	28%
France	Bontemps-Bonnarme SAS	EUR	75,000	65%	Russia	JSC Hempel	RUB	95,000	100%
France	L.A.R.Y Peintures SARL	EUR	8,000	65%	Saudi Arabia	Hempel Paints (Saudi Arabia) W.L.L.	SAR	24,500,000	51%
Germany	Hempel (Germany) GmbH	EUR	1,533,876	100%	Saudi Arabia	Painting Materials and Equipment Centre Co. LTD	SAR	1,000,000	26%
Germany	Hempel Beteiligungsgesellschaft mbH	EUR	25,000	100%	Singapore	Hempel (Singapore) Pte. Ltd.	SGD	2,700,000	100%
Germany	J.W. Ostendorf GmbH & Co. KG	EUR	520,000	65%	South Africa	Hempel Paints South Africa (Pty) Ltd.	ZAR	9,500,000	100%
Germany	Ostendorf-Beteiligungs-GmbH	EUR	32,000	65%	Spain	Pinturas Hempel SAU	EUR	1,202,000	100%
Germany	FLT Handel & Service GmbH	EUR	25,565	65%	Sweden	Hempel (Sweden) AB	SEK	2,500,000	100%
Germany	Brand.IQ GmbH	EUR	500,000	65%	Switzerland	Hempel Schweiz AG	CHF	100,000	100%
Germany	Ostendorf Frankreich Holding GmbH	EUR	25,000	65%	Switzerland	J.W. Ostendorf (Schweiz) AG	CHF	100,000	65%
Germany	Rottkamp Immobilien GmbH & Co. KG	EUR	2,500	65%	Syria	Hempel Paints (Syria) W.L.L.	SYR	121,600,000	49%
Germany	Rottkamp Immobilien Verwaltung GmbH	EUR	25,000	65%	Taiwan	Hempel (Taiwan) Co., Ltd.	TWD	20,000,000	100%
Greece	Hempel Coatings (Hellas) S.A.	EUR	6,300,000	100%	Thailand	Hempel (Thailand) Ltd.	THB	3,000,000	100%
India	Hempel Paints (India) Private Limited	INR	690,000,000	100%	The Netherlands	Hempel (The Netherlands) B.V.	EUR	500,000	100%
Indonesia	P.T. Hempel Indonesia	IDR	830,000,000	100%	The Netherlands	Hempel Industrial B.V.	EUR	306,450	100%
Iraq	Hempel (Iraq) Ltd	USD	8,300	31%	Turkey	Hempel Coatings San. ve Tic. Ltd. Sti.	TRY	2,789,300	100%
Ireland	Crown Paints Ireland Limited	EUR	127	100%	UK	Crown Brands Limited	GBP	1,000	100%
Italy	Hempel (Italy) S.r.l.	EUR	50,000	100%	UK	Crown Paints Limited	GBP	1,000	100%
Kenya	Hempel Paints Kenya Company Limited	KES	10,000,000	100%	UK	Crown Paints Group Limited	GBP	100,000	100%
Korea	Hempel Korea Co. Ltd.	KRW	1,450,000,000	100%	UK	Crown Paints Holdings Limited	GBP	100,000	100%
Kuwait	Hempel Paints (Kuwait) K.S.C.C.	KWD	600,000	51%	UK	Hempel Decorative Paints Limited	GBP	2,000	100%
Malaysia	Hempel (Malaysia) Sdn. Bhd	MYR	5,000,000	100%	UK	Hempel UK Ltd.	GBP	4,100,000	100%
Malaysia	Hempel Manufacturing (Malaysia) Sdn. Bhd.	MYR	9,500,000	100%	UK	Reebor Limited	GBP	100	1%
Mexico	Pinturas Hempel de Mexico S.A. de C.V.	MXN	3,750,000	100%	UK	Ostendorf U.K. Ltd.	GBP	0	65%
Morocco	Hempel Maroc SARL	MAD	2,500,000	100%	Ukraine	Hempel Ukraine LLC	UAH	656,291	100%
New Zealand	Hempel (New Zealand) Ltd.	NZD	300,000	100%	UAE	Hempel Paints (Abu Dhabi) L.L.C.	AED	150,000	39%
Norway	Hempel (Norway) AS	NOK	5,081,427	100%	UAE	Hempel Paints (Emirates) L.L.C.	AED	4,000,000	49%
Oman	Hempel (Oman) L.L.C	OMR	500,000	25%	USA	Hempel (USA), Inc.	USD	87,922,373	100%
Peru	Hempel Pinturas Del Perú S.A.C.	PEN	4,900,000	100%	USA	Jones-Blair Company, LLC	USD	0	100%
Poland	Hempel Paints (Poland) S.p. z o.o.	PLN	60,500,000	100%	Vietnam	Hempel Vietnam Company Limited	VND	116,498,272,000	100%

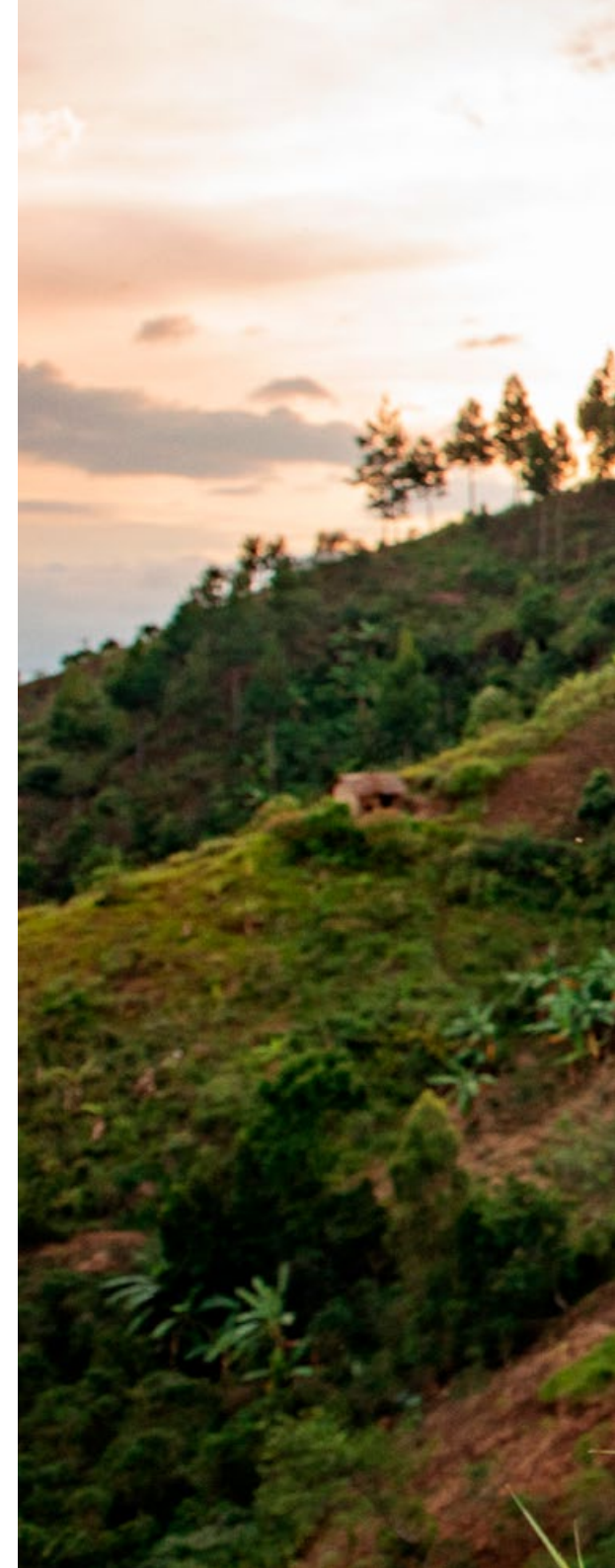
#### Foreign branches

Austria	Hempel (Germany) GmbH Branch Office
Hungary	Hempel (Czech Republic) s.r.o. Magyarországi Fioktelepe
Japan	Hempel (Singapore) Pte. Ltd. Tokyo Branch Office
Slovakia	Hempel (Czech Republic) s.r.o. org. zlozka Slovensko
Germany	FLT Handel & Service GmbH Branch Office Cochem

## 5.8 Financial definitions

#### Financial ratios have been calculated as follows:

EBITDA	=	Operating profit (and loss) before depreciations
Solvency ratio	=	$\frac{\text{Equity at year end} \times 100}{\text{Total assets}}$
Return on equity	=	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$





[hempelfoundation.com](http://hempelfoundation.com)

**Hempel Foundation**  
Amaliegade 8  
1256 Copenhagen K  
Denmark

Tel: +45 4527 3074  
Fax: +45 3315 6044