

Annual Report 2021

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*
- Morten Schaarup, *Elected by the employees*

Management

Anders Holm,
Executive Director

Auditors

PricewaterhouseCoopers
Statsautoriseret
Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup
Denmark

Editor

Søren Bech Gade



Borneo



Contents

4	The Hempel Foundation	20	Nature	44	Business-related activities
6	Management's statement	28	Science	48	Hempel A/S Letter to stakeholders 2021
7	Board of Trustees	32	International projects 2021	52	Independent auditor's report
8	Year in review	34	Donations by application	54	Financial statements
10	Education	40	Foundation governance		

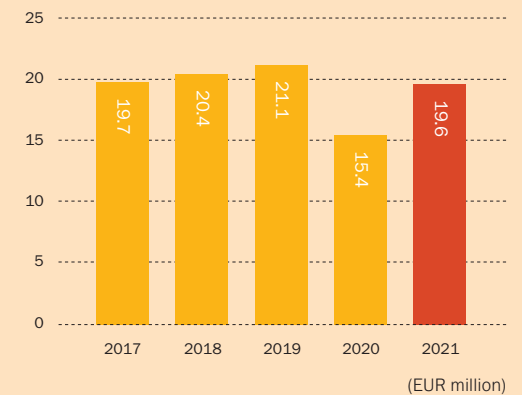
Sleve photo from
Nyungwe National
Park in Rwanda

The Hempel Foundation

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

Bangladesh

Donations





The Hempel Foundation is a commercial foundation dedicated to making a positive difference. It 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. This 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, **empowering children living in poverty to learn**. Since 2011, the Hempel Foundation has initiated projects supporting quality education for 580,000 children. Of these 580,000 children in all 470,000 children are in projects either currently ongoing or being developed.

Secondly, 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 we are working to raise awareness of one of humanity's biggest challenges.

Finally, 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 investment in CoaST research center at Technical University of Denmark - DTU, we want to help make coatings more efficient and more environmentally sustainable for the benefit of the industry and the common good.

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 7,500 employees, 28 factories and 12 R&D centres around the globe. Hempel A/S is ultimately 100 per cent owned by the Hempel Foundation.

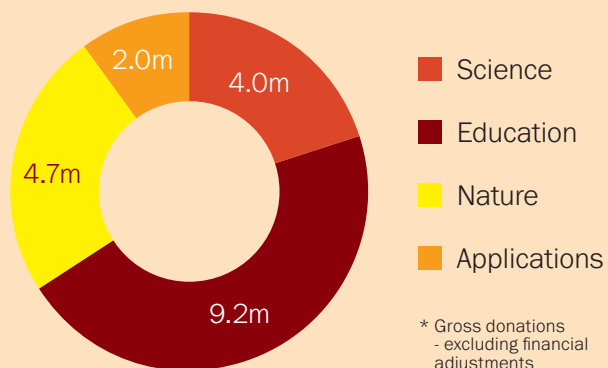
Dividends from Hempel A/S

Dividends from Hempel A/S are still the prime source of income for the Hempel Foundation to serve as a financial reserve and to support the Foundation's philanthropic donations supplementing the direct income derived from real estate investments and financial investments.

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.

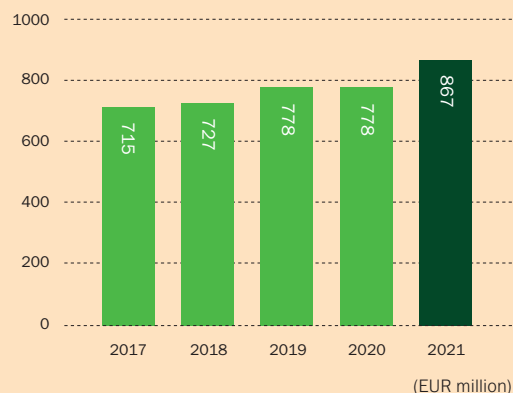
There is no link between the commercial interests of the Hempel Group and the philanthropic activities of the Foundation. However, Hempel A/S is by far the principal source of income for the Foundation. Therefore, in the long term, the better the performance of Hempel A/S, the more dividends are paid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

Donations 2021*



* Gross donations - excluding financial adjustments (pages 38-39)

Equity



Management's statement

Management



Anders Holm
Executive Director

Kgs. Lyngby, 2 May 2022.

The Board of Trustees and the Executive Director (Management Board) have today considered and adopted the Annual Report of the Hempel Foundation for the financial year 1 January – 31 December 2021.

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 2021 of the Foundation and

of the results of the Foundation's operations and cash flows for 2021.

In our opinion, the 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.

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

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



Morten Skaarup
Elected by the employees

Year in review

Constraints and opportunities

In 2021, the second year with COVID-19, the pandemic has changed from state of emergency to a severe constraint among others in most of the Foundation's project locations around the world. The will and the capacity with our project partners to adapt and mitigate has been extraordinary. Combined with an overall increase in the Foundation's equity of EUR 89 million and new team members in the secretariat, the results of 2021 are satisfactory.

Ecuador

4 QUALITY EDUCATION



Education

The top priority in most of the countries we work in is clear: Get children back to school after years of lockdown – and help them retain literacy and numeracy. First year of our new education strategy, we have delivered on the strategy with learning interventions at scale, catch-up classes, remedial learning and education technology.

A stronger foundation

The Foundation's quest for stronger and more catalytic impact continues. We have reinforced and further professionalised our financial section. And three new specialists were hired in 2021 to support our analytical capacity, our network and our catalytic potential – both domestic and internationally.

To bolster our ambition of operational excellence we upgraded our process guidelines and tools and made our requirements more visible and clear for partners.

We also introduced a safeguarding standard to ensure the safety, wellbeing and rights of the communities we seek to serve.

And we launched a whistleblower arrangement that allows persons with knowledge or reasonable suspicion of a beneficiary and/or other participants in the project having misused a grant from the Hempel Foundation to swiftly, confidentially and outside the ordinary communication channels report it to an independent and autonomous unit.

Hempel A/S

In 2021 the Hempel Group continued to execute on the Double Impact strategy to shape a brighter future with sustainable coating solutions.

As part of the strategy, Hempel is taking part in the consolidation in the decorative coatings sector with two new acquisitions in 2021: Australian WattyI and UK-based premium brand Farrow & Ball.

After three years of construction work, 2021 finally saw the inauguration of a new Hempel Campus in Lyngby, Denmark – raised and owned by Hempel Invest. The new buildings including R&D and an innovation centre will create the optimal environment to drive innovation and double Hempel by 2025.

15 LIFE ON LAND



Nature

The Planet's biodiversity are still degraded at alarming rates. The silver lining is that the global awareness is increasing and the COP26 meeting resulted in promising commitments to halt global deforestation. In 2021, we revised our Nature strategy to focus and further strengthen our efforts to sustain biodiversity by reducing deforestation at scale, increase financial resources for conservation and catalyse collaboration.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION



Science

2021 was a good year for Hempel Foundation Coatings Science and Technology Center (CoaST). Despite still being affected by COVID-19 restrictions, CoaST has continued building the activity level within improved sustainability in the life-cycle of industrial coatings. At the end of the year, 25 PhD students were active and CoaST is now amongst the largest coatings research groups worldwide.

Bangladesh

Education

Assistant - অহকারি

The Hempel Foundation Approach

-  **Where we work:**
Least Developed Countries
– rural areas
-  **What we focus on:**
Fighting Learning Poverty
– foundational skills, literacy, numeracy
-  **What we aim to achieve:**
Helping 1 million children obtain better access to quality basic education
-  **Who we work with:**
UNICEF, Save the Children, Oxfam Ibis, SOS Children's Villages, BRAC, VVOB, Voluntary Services Overseas (VSO), Twaweza, Ubongo

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** (within our main focus on primary education) against which we assess our performance.



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.

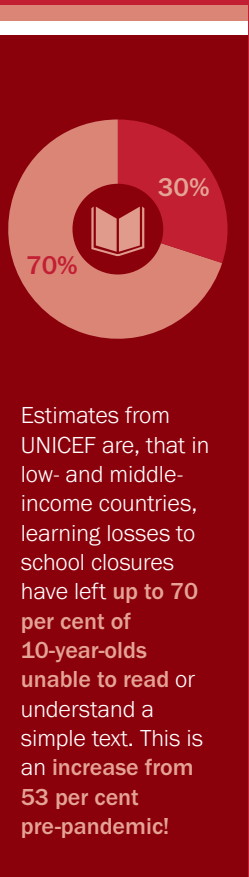
Headlines from our direct contributions in 2021:

- Since 2011, we have initiated projects supporting foundational learning for **580,000 children** across more than **3,400 schools**
- In 2021 we supported more than **100,000 children** with foundational learning and committed grants to seven new projects with a total value of **DKK 66.6 million** supporting foundational learning for **200,000 children**
- **We finalised projects in Vietnam and China** and convened a high level virtual event on fighting learning poverty in Africa with **more than 60 invited participants** from foundations, organisations and university

For two years the Covid-19 pandemic has disrupted global education with devastating consequences for children, particularly those living in the world's poorest countries where accessing a quality education was already a challenge.

While 2021 has been marked by hardship and learning loss for children in countries we work, we have also witnessed how resilient children can be and how important education is to them.

And despite very difficult circumstances we have seen children return to school in great numbers when given the opportunity.





With 2021 being the first year of our new strategy, which more than ever focus on ensuring foundational learning for children in rural areas, we worked hard to identify new partners and project opportunities. As a result of these efforts the Hempel Foundation committed a total of DKK 66.6 million to seven new projects with existing and new partners in Tanzania, Uganda, Rwanda and Bangladesh. Most of these new projects have a strong focus on remedial learning and delivery of large scale impact.

Looking back at 2021, we are proud of the results delivered by our partners under extremely difficult circumstances. And we are confident that the new projects will add to these results through 2022 and provide thousands of children with learning opportunities that they would otherwise not be able to attain.



Delivering on our Education Strategy

Our 2021 – 2023 strategy sets out three courses of action:

1) SCALE:

Developing and delivering cost-efficient and scalable learning interventions

2) EDTECH:

Unleashing the potential of EdTech to support the delivery of quality education

3) COLLABORATION:

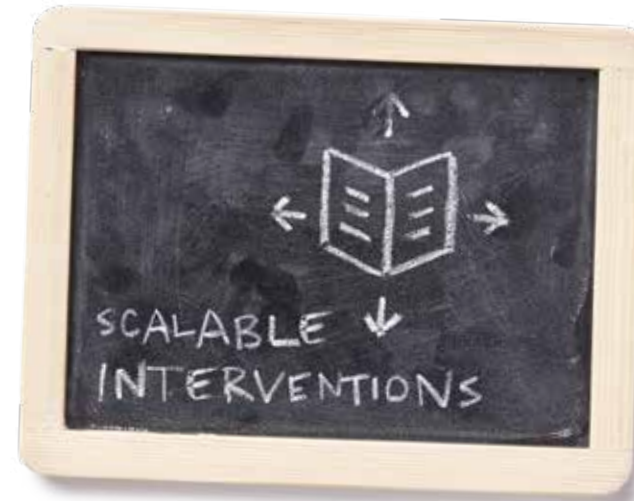
Catalysing collaboration, knowledge-sharing and awareness-raising

Highlights from the field 2021

- Delivery of learning support to **5,930 girls** (grade 4 to 6) in Bangladesh through home-based learning sessions and phone follow-up.
- Delivery of catch up classes and school kits for **23,146 out-of-school children in 1,641 schools** in Madagascar
- Delivery of remedial learning for more than **9,500 children across 150 schools** in Rwanda.

1. SCALE:

Developing and delivering cost-efficient and scalable learning interventions



Delivering learning interventions for 100,000 children

The covid-19 pandemic continued to challenge our partners in implementing projects as school closure and restrictions prevented children from going to school and prevented delivery of teacher training as larger gatherings were prohibited in many countries in Asia, Africa and Latin America. Nevertheless education support was delivered to the extent possible and our partners continued to show strong resilience and adaptability.

Delivering impact at scale requires strong and capable partners with a strong presence in the countries we work. To strengthen our ability to deliver we expanded our existing portfolio of partners to include BRAC (New project in Bangladesh), VVOB (New project in Uganda) as well as Twaweza (New project in Tanzania).

These three new partnerships represent an important step in our endeavour to strengthen our footprint in selected, high priority countries and adding partners with strong roots and expertise in the countries we work.

Focusing our support on remedial learning programmes

As the Covid-19 pandemic continued to disrupt efforts to deliver quality education, it became increasingly evident that the need for remedial learning programmes is greater than ever with many children having lost up to two years of learning.

To address these learning losses, remedial learning interventions are crucial and we therefore committed support to projects in Uganda as well as Bangladesh, which will support children in accelerating their learning and complete a primary education.

Remedial learning

Remedial learning programmes address children's learning gaps by reteaching basic skills focusing on core areas such as literacy and numeracy. Remedial learning is provided in different forms, such as accelerated courses in a short period, personalised tutoring, catch-up classes, e-learning solutions etc.

” Now that I am here,
nothing could stop
me from staying

Sonia (12)



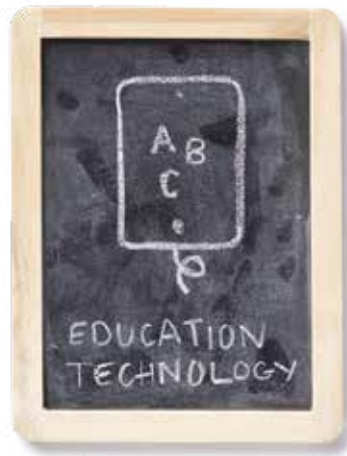
Catching up in Madagascar

Brother and sister Christiano, 11, and Sonia, 12, have just completed a remedial programme of catch-up classes (“Cours de Remise À Niveau” – CRAN) at their public primary school in the Boeny region in north-west of Madagascar.

Before taking part in the catch-up programme, they had to leave school due to their parents’ inability to pay the associated fees.

The children’s mother approached a local education official who informed her about the availability of the Catch-up class program. After two years away from school, the two siblings did not hesitate to join and have now no intention of dropping out a second time. “I thank God for giving me a second chance,” says Sonia. “Now that I am here, nothing could stop me from staying”. Sonia says she dreams of becoming a teacher and Christiano hopes to work as an office worker.

“If possible, we should multiply such programmes, now that we have proof that it works, as there are still many children who drop out because of poverty or family troubles,” says Eleonore the principal of the school.



2) EDTECH:

Unleashing the potential of EdTech to support the delivery of quality education

Harnessing EdTech within existing projects to leverage impact

Whenever technology can leverage learning outcomes and more effective project delivery, we strive to include such solutions in our projects. From provision of learning contents for children on tablets, use of text messaging to reach parents, access to teacher training modules through mobile phones to online assessment and monitoring tools enabling more effective project management.

In 2021 Edtech showed its potential as a key tool for delivering learning interventions during school closure. In Bangladesh, Education Facilitators in our project with Save the Children travelled to communities to deliver learning sessions using tablets as a platform for accessing e-contents supporting literacy and numeracy.

In our project in South Africa more than 700 teachers were trained in the use of a tablet with a structured pedagogic learning programme including lesson plans in local language alongside other education development resources. The teachers began using these tablets in 2021 for the benefit of more than 27,000 children.

” The pilot showed that all four models using the software significantly boosted learning of core foundational skills for early grade learners in Sierra Leone compared to standard schooling





Using innovative education technology to overcome the education challenges that hold learners back in Sierra Leone.

Through 2021, the Hempel Foundation supported the piloting across 20 schools of the interactive award winning software - onecourse. Onecourse is a comprehensive, modular course where children learn to read, write and become numerate on tablets by working through a carefully structured course made up of thousands of engaging activities, games, and stories.

The pilot was conducted through a consortium of partners including the developer of the software – Onebillion and Save the Children, VSO and the University of Nottingham. The aim of the pilot was to identify the most effective way to use the software in Sierra Leone public schools. This was done by testing four different delivery models and their effectiveness in terms of improving children's foundational skills.

The pilot showed that all four models using the software significantly boosted learning of core foundational skills for early grade learners in Sierra Leone compared to standard schooling. The strongest effect was found for a delivery model that required children to interact with tablets on an individual or paired-learning basis compared to whole-class delivery with a projector. But, the projector model could be more cost-effective to scale, especially if augmented with smaller sets of tablets.

How to take the research findings forward is currently being discussed amongst the partner organisations and with the Ministry of Education in Sierra Leone.

New partners

To increase our engagement and support towards unleashing the potential of EdTech we became a member of the mEducation Alliance. This alliance bring together foundations, organisations and governments with a shared interest around Edtech and we look forward to collaborating on initiatives focused on foundational learning.

We also committed support to a new project with the internationally recognised provider of Edutainment, Ubongo. The purpose of the project is to develop a model for enabling children in Tanzania in low resources settings to gain access to their learning contents.

For a complete overview we refer to www.hempelfoundation.com



3) COLLABORATION:

Catalysing collaboration, knowledge-sharing and awareness-raising that can mobilise and sustain efforts to combat learning poverty.

Key achievements

In 2021 we decided to develop a regional initiative to accelerate the testing and implementation of cost-effective solutions to fight learning poverty at scale in Southern and Eastern Africa.

The initiative which we named “Elimu Soko” meaning ‘Education Market place’ in Kiswahili was developed in close collaboration with Dalberg Advisors and with great inputs from our partner UNICEF and other central actors in the education space.

At its core the Elimu-Soko will serve as a stimulant and a clearinghouse for innovative solutions in the sector. It will catalyse action by bringing together government buyers and education entrepreneurs, resolving a key bottleneck in education systems. By involving

governments from the very beginning we believe we enhance the likelihood of success by ensuring that innovators address governments’ priorities and scale.

To kick off the initiative a virtual event was held in December with a panel including government representatives from South Africa, Tanzania and Rwanda as well as representatives from UNICEF, Brookings Institute and mEducation Alliance. The event was a great success with participation of more than 60 special invitees from foundations, organisations and government. As a result of the event a white paper on Accelerating cost-effective solutions to fight learning poverty in Africa was shared with participants and an agreement was made with the government of Rwanda to carry out a demonstration project.



-Soko LAB

21

CHANGES to INNOVATION

SUSTAINABLE FUNDING

- GOVERNMENT LED
- EFFICIENT & EFFECTIVE USE of
- LOW COST SOLUTIONS
- UNLEASH YOUTH AS PEER EDUCATORS
- FEASIBLE PROJECTS
- BUDGET AFFORDS
- GOVERNMENTS LEAD & INVEST in EDUCATION PRIORITIES
- PARTNERSHIPS

ENHANCING LEARNING OUTCOMES

FOUNDATIONAL LEARNING

RWANDA

- CO-CREATION PLATFORMS & POLICIES
- OPEN DATASETS to INNOVATORS

HYBRID LEARNING

SOUTH AFRICA

- BUILD INTERNAL SCHOOL CAPACITY
- HUMAN INTERACTION IS ESSENTIAL
- TECH AS AN ENHANCER

TEACHER TRAINING

TANZANIA

- SUSTAINABILITY
- BUILD the ECOSYSTEM (TEACHER OWNED)



A MARKET PLACE for Innovation in Education

INNOVATORS

EDUCATORS

SCALING INNOVATIONS in SCHOOLS

SUPPORTING BUSINESS ACTIVITY in EDUCATION

COTE D'IVOIRE
JACOBS FOUNDATION

GOVERNMENT INNOVATORS

EDUCATION HUB

IMPACT INVESTING

COMMUNITY OF PRACTICE

SOCIAL ENTREPRENEURS

INVOLVE OTHER MINISTRIES

EDUCATION SECTOR CAN BE VERY CONSERVATIVE

EDTECH HUB

SANDBOX method

MINI VERSION

HIGHLIGHTS KEY CHALLENGES & NEEDS

AGILE EVIDENCE GENERATION

COLLABORATION

WHITE PAPER

GRAPHIC

UPDATE

WORKSHOPS

NEXT STEPS

Nature



The Hempel Foundation Approach



Where we work:
Key Biodiversity Areas



What we focus on:
Sustaining biodiversity with focus on forests



What we aim to achieve:
Sustainable coexistence of people and nature



Who we work with:
WWF, Wildlife Conservation Society, BirdLife International, The Nature Conservancy, African Parks, UNEP-WCMC, ART 2030, UN Live

We align our **nature projects** with UN Sustainable Development Goal 15 – **LIFE ON LAND**.

As part of our strategy for nature, **we focus on two underlying targets** (within our main focus on sustaining ecosystems and biodiversity) against which we assess our performance.



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.

Highlights from our direct contributions in 2021:

- We are currently supporting **conservation projects in Key Biodiversity Areas** in eight countries covering more than **2.2 million hectares**.
- The **carbon storage** has been calculated in four of these areas (Tsitongambarika, Singkil, Okapi and San Rafael) and is estimated to be more than **800 million tonnes of carbon**

Uganda (Rwenzori) **100,000 ha**

Ecuador (Llanganates-Sangay Ecological Corridor) **42,000 ha**

Madagascar (Tsitongambarika) **35,000 ha**

Indonesia, Sumatra (Singkil Wildlife Reserve) **82,000 ha**

Indonesia, Borneo (Northern Kalimantan) **44,000 ha**

Democratic Republic of Congo (Okapi Wildlife Reserve) **1,400,000 ha**

Paraguay (San Rafael Reserve) **72,000 ha**

Cameroun (Mbam Djerem National Park) **416,000 ha**

Rwanda (Nyungwe National Park) **101,000 ha**

Sustaining biodiversity in the face on COVID-19

Diversity of life on Earth is clearly at high and increasing risk, with up to 50% of all species facing extinction by the end of this century. There is now global consensus by the scientific community that this decade must see transformational change on biodiversity conservation and ecosystem restoration if we are to address the global biodiversity crisis.

Despite the severity of this situation, promising steps were taken during 2021 to galvanize global support for decisive action. Perhaps most importantly agreement was reached during the COP26 in Glasgow to end deforestation by 2030, and commitments that promised much more climate finance for developing countries were made.

2021 also marked the final year of our first strategy period (2019 – 2021). While key elements and values are carried forward, such as our focus on tropical forest, some important adjustments were made which will guide our continued efforts to sustain biodiversity and accelerate our impact.



By 2030, we aim to sustain biodiversity in 5 million hectares of tropical forests – a geographic area larger than the entire country of Denmark.

Sustain key biodiversity areas



Increase conservation finance



Strengthen collective efforts



Revised Biodiversity strategy with clearer focus

From 2022 and onwards we will support biodiversity conservation in high-priority regions by:

- Developing and scaling initiatives that significantly reduce deforestation and/or increase financing for high-biodiversity landscapes and associated key biodiversity areas
- Developing global initiatives to increase financial resources for biodiversity
- Catalysing collaboration, knowledge-sharing and awareness-raising that can mobilize and sustain efforts to conserve biodiversity.

Our high priority regions are Indonesia, Eastern Afromontane, Madagascar and the Atlantic Forest. These regions are all among the world's key biodiversity hotspots and were selected based on predefined criteria: Biodiversity status, threat status, habitat status, funding status and the enabling environment for achieving impact.

To emphasise our commitment to reduce deforestation at scale we decided to set an ambitious and inspirational 2030 target:

By 2030 we will have significantly contributed towards sustaining biodiversity in five million hectares of tropical forest.

In measuring our impact against this target we will apply the following KPIs at a landscape level (meaning both within and outside Protected Areas)

- Decrease in deforestation rates
- Increase in forest cover
- Increase in financial resources available for conservation

In the years 2022-2024, we plan to allocate EUR 22 million to this strategy.

Delivering on our strategy

In 2018 the Hempel Foundation decided to work strategically to **sustain biodiversity**, with a focus on tropical forests as they contain some of the most extensive and valuable species and the **greatest biodiversity**.



Our strategic goal for the period 2019 – 2021: In compatibility with the local populations and aligned with interests of national authorities, to promote sustainable management of forests and mountains ecosystems with the highest biodiversity.

Over the past three years the Hempel Foundation have granted a total of EUR 14 million to internationally recognised conservation organisations supporting nine projects in eight countries.

Highlights

Through 2021 good progress was made in projects with WWF in Uganda and Ecuador, BirdLife in Madagascar and Paraguay and Wildlife Conservation Society in Indonesia and the Democratic Republic of Congo.

In Uganda the work on reforestation of the buffer zone to the Rwenzori Mountains National Park took a great leap forward with the planting of close to 1 million seedlings in 2021 which brings the total amount of seedlings planted during the project up to 1,4 million covering app. 1400 hectares. In regards to capacity of park management training was conducted in the use of drones, camera traps and SMART for more effective biodiversity monitoring.

For our project within the Llanganates-Sangay Ecological Corridor **in Ecuador**, a main challenge this year was to catch up with project implementation in the face of the COVID-19 pandemic. Among the activities successfully conducted during the period were the development of a pilot program to introduce ecological production practices based on diversity. 20 families from local communities will participate in a six-month training program on ecological production. To strengthen nature-based tourism in the area, 20 young people have been awarded a scholarship to get a certified tourist license to guide within the corridor.



In Madagascar increased patrolling by community rangers (polisin'ala) led to nine people arrested and jailed for most serious infractions, and 90 persons (and 1 habitation) left the forest. To illustrate the number of patrols carried out more than 458 patrols by community rangers (polisin'ala) was carried out between April and September 2021. Other highlights from 2021 include the inauguration of Development Showcase Centre in Madagascar. It will specialize in animal husbandry and beekeeping as these are the identified priorities of the surrounding community. Furthermore 566 families received training in sustainable income sources: poultry farming, bee-keeping, fruit and vegetable farming, fish farming and rice farming.



In Paraguay we support BirdLife in cultivating shade-grown, organic Yerba Mate in an agroforestry system. This means that forests are conserved through agroforestry, and farmers no longer need to encroach on the forest to earn a living. Through 2021 the local BirdLife organisation, Guyra managed to leverage an additional USD 55,000 from buyers of the 2021 harvest. An independent business unit was created making it possible to get investment and loans to scale up business activities on Guyra's reserves, such as ecotourism and shade-grown Yerba Mate production.



In the Democratic Republic of Congo we support the Wildlife Conservation Society (WCS) in bringing peace and well-being to the people indigenous to the forests of the Okapi Wildlife Reserve while ensuring that the forests are intact, healthy and full of life, and the rivers are clean and flowing. As a direct results of our support a Grievance Redress Mechanism was launched in 2021 The Mechanism will be introduced in 60 villages and empower indigenous inhabitants potentially affected by WCS activities to officially submit their grievances for review and resolution, or orientation to the appropriate authorities. Our support in 2021 also proved instrumental in allowing WCS to apply for and successfully secure significant additional funding from USAID. Such catalytic effect of our grants is exactly what we strive to achieve.



In Indonesia we support the Wildlife Conservation Society (WCS) in preventing further environmental degradation in the Rawa Singkil Wildlife reserve. The project addresses the principal drivers of deforestation in the area and provide the smallholder farmers with sustainable methods to improve their agriculture yields. With 2021 being the first year of implementation focus have been on ensuring buy-in and collaboration from key stakeholders including other civil society organisations and palm oil companies operating in the area. However, efforts to scale up protection also commenced with training of park rangers in doing orangutan surveys.

New projects in 2021

New projects that we committed to in 2021 will commence activities in 2022. These include a new project with African Parks in Nyungwe National Park, Rwanda. Here we will support setting up Community Conservation Teams to reduce illegal activities through peaceful engagement and as well as support sensitizing locals about the activities of the park and involve them in management issues that directly affect a new project.

A new partnership with The Nature Conservancy in Indonesia on Borneo (North Kalimantan). The project aims to protect the rich biodiversity of Borneo's forests by reducing deforestation, habitat degradation, and conversion (permanent clearing for other land uses). Using a multi-business approach to promote non-timber forest values, the ambition is to demonstrate how to sustainably manage forest concessions to maintain healthy forests that support biodiversity.

A new project with Wildlife Conservation Society in Cameroun will directly address the drivers of deforestation in the Mbam Djerem National Park (MDNP). The project will ensure sustainable development and effective park management in what is the most biologically diverse protected area in Cameroon.

Assessing impact

While impact will need to be measured at a later stage it is possible to assess preliminary achievements.

One of the targets for this strategy period was to support our partners in **leveraging financial resources to conservation**. Either from private companies, other foundations or institutional donors such as national development agencies. An example of this is our partnership with WWF in Uganda where we have developed a “core” project to which smaller contributions from private companies can easily be added. Without the core project the infrastructure for managing smaller contributions would not be in place. But building on our support WWF, by end 2021, had secured an additional DKK 1.5 million from private companies, targeted towards our project.

Another example is our partnership with BirdLife through which we are supporting a programme that aims to help national BirdLife members accelerate ideas for attracting additional funding for conservation management in specific landscapes. Through this *Accelerator Programme*, the nine participating organisations have leveraged an additional USD 1,5 million to the ideas from private investors and other donors.

To further support our work in leveraging financial resources to conservation management we committed to a new partnership with the US based conservation organisation, The Nature Conservancy on an initiative called the African Forest Carbon Catalyst. This initiative will support organisations in developing biodiversity focused carbon projects to meet the increase in demand from private investors. The initiative is still in an early phase and the results of our support is yet to materialize but given the increased demand for carbon projects we believe our contribution will help significantly increase conservation finance.

Another target has been to support **solutions that have the potential to be replicated and applied at scale**. An example of such a solution was the translation and sharing of a key (globally recognised) tool for capacitating conservation organisations. The tool is called METT (Management Effectiveness Tracking Tool) and has until now not been available in Spanish. With our support the tool was translated and experiences shared in an online event where we invited others of our partners from South America to join. The translation enables a further scaling of the tool in Latin America among BirdLife and other conservation organisations which could make conservation more effective.

A third target has been **promotion of innovation and use of technological solutions where applicable**. Good progress was made as Park Management in our Uganda project began using drones in 2021 to strengthen monitoring and park surveillance. Furthermore, the application of mobile phones with SMART (Monitoring tool) programmes was extended both in our Uganda project and Madagascar project. The SMART programme makes it easier to register findings when patrolling as well as make analysis based on collection of data which helps prioritize resources.

” By planting here, I hope to secure and improve the land, whilst I will increase my income in the future

Syahaba Muhindo Sam - farmer

Sustaining biodiversity in Uganda

In partnership with the Hempel Foundation and with donations from other Danish companies WWF initiated an ambitious plan to restore forest in the buffer zone of the Rwenzori Mountains National Park. The work commenced in the middle of 2020, and 18 months later the first trees planted are visible in the buffer zone landscape. As of today, 1,400 hectare of new trees have been planted and support has been provided to 1,712 families and farmers.

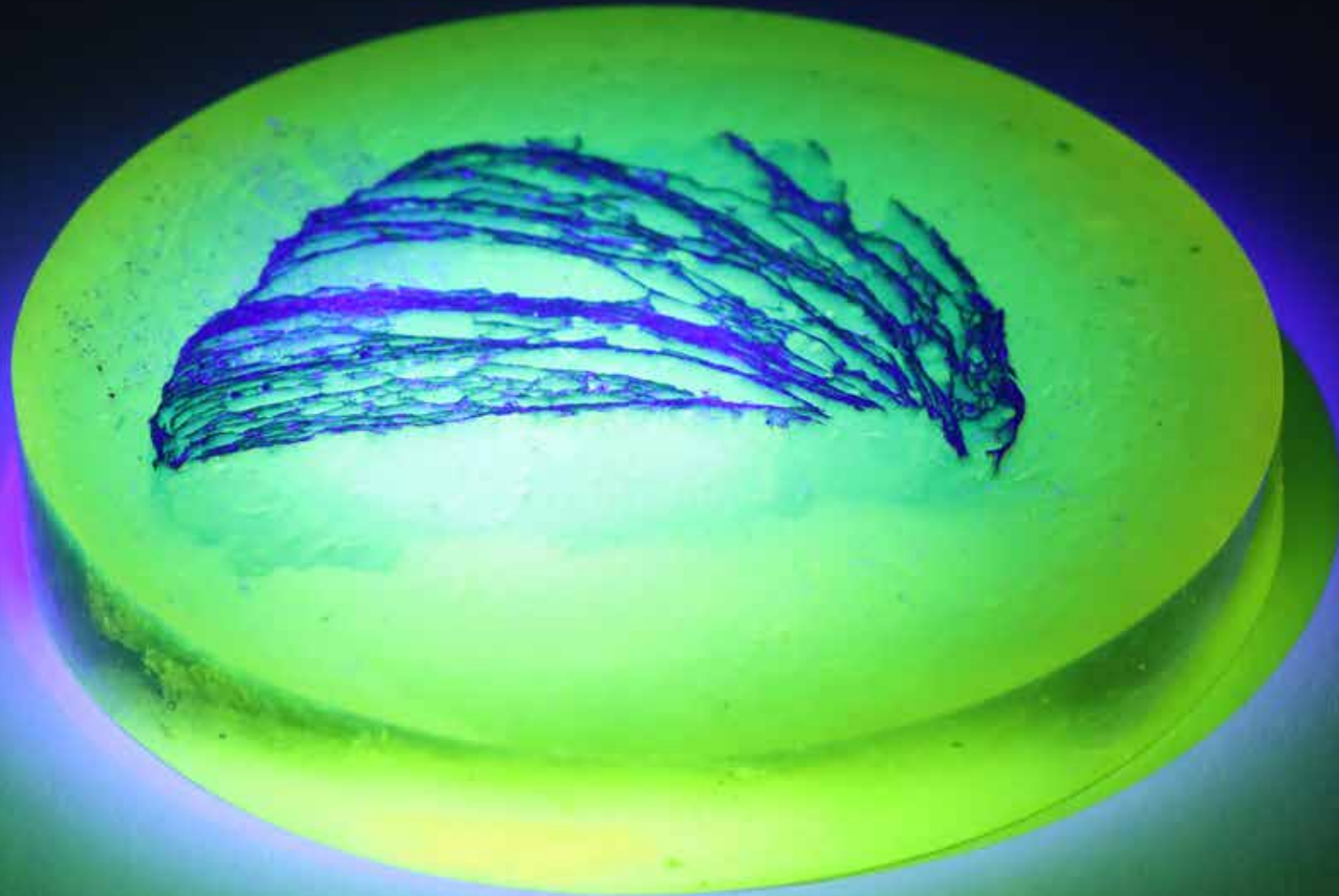
Syahaba Muhindo Sam, one of the farmers, who have taken part in the restoration of the buffer zone, shares his story:

”I have now planted 7 hectare of forest on my farm land

adjacent to the Rwenzori Mountains National Park. This land can be found on a steep hill of the mountain. By planting here, I hope to secure and improve the land, whilst I will increase my income in the future.”

It can truly create results at scale for both people and nature, when local farmers, like Syahaba, see the value in restoration work, e.g., it reduces the pressure on the forest and contributes to social and economic development for the local population.

Science



CoaST - Cross section of charred intumescent coating showing the protective layers

Within science, the Hempel Foundation is prioritising a **globally leading education, research and innovation centre (CoaST)** to make coatings and surface protection more efficient and more environmentally sustainable and to facilitate education and international cooperation.

CoaST 2021 in numbers

During 2021, CoaST has planned and initiated 10 new PhD projects related to coatings. At the end of the year, 25 PhD students were active and CoaST is now amongst the largest coatings research groups worldwide.

During the year, after completion of a thesis on a coating relevant subject, three students were awarded the PhD degree, 13 students completed the MSc education, and four students the BSc studies.

In total 77 persons, the majority being ordinary students and PhD students, have been working in CoaST. The students and employees represent 17 different nationalities with a quite even gender balance of 42:58 women and men respectively.

The publication frequency in CoaST is increasing. During 2021, 20 peer reviewed journal publications were published in prestigious journals like Progress in Organic Coatings, Chemical Engineering Journal and Journal of Environmental Management. Due to COVID-19, the conference participation has mostly been on-line, and in total 18 contributions were presented at conferences such as The 16th Coatings Science International 2021 Conference and the European Corrosion Conference 2021.

The journal papers, conference contributions, and (on-line) meetings with other coating groups and companies around the world have increased the international visibility of CoaST. This is likely the reason for the many applicants trying to become part of CoaST.



MISSION

- Establish a strong research, innovation and education environment at Technical University of Denmark (DTU) supported by an extended global network
- Develop new and improved methods and technologies for the formulation, testing, characterisation, production and application of coatings with improved sustainability profiles
- Establish a platform for cooperation among stakeholders of coating technologies, including universities, raw material suppliers, formulators, producers, applicators and end users
- Attract and train highly skilled students, engineers and researchers to the field of coatings

CoaST Maritime Test Centre

The CoaST Maritime Test Centre, situated at the harbour of Hundested, has grown to an important asset for research in anti-corrosive and fouling Control coatings. During the year, a dynamic rotor for fouling control testing was established, and in the coming twelve months, additional developments will take place. The activities arise the curiosity of harbour guests, and a small exhibition in one of the new support houses, including video presentations and an on-line underwater camera, show how biofouling takes place.

Focus areas

With 'improved sustainability' as a core value in all CoaST activities, the research is structured within six main areas:

- Sustainable raw materials for coatings
- Coating formulation and production principles
- Fouling control coatings
- Anticorrosive coatings
- Intumescent coatings
- Functional coatings

In the past year, all areas have grown to a level enabling systematic interaction among the active researchers, including regular meetings where challenges are shared and discussed.

Intumescent coatings

One area of still greater importance in CoaST is Intumescent coatings for passive fire protection. Such coatings are developed to protect an underlying substrate from the high temperatures encountered during fires, enabling more time for firefighting and for helping people, prior to a collapse, escape a burning building. When heated the coating softens and releases gases, leading to a swelling of the coating (i.e., intumescence), followed by solidification. The carbonaceous and/or inorganic residues formed are much greater than the original coating thickness, while the high porosity provides a low thermal conductivity. Using epoxy impregnation of the char with a fluorescent dye followed by fluorescent light microscopy, the size, number and porosity of the pores can be determined with an interactive machine learning program.

The projects in CoaST cover a number of different technologies for intumescence and in order to facilitate fast screening of new formulations, CoaST has developed a number of techniques. One of these is a novel and efficient oven system - which will soon be published in details.

COVID-19

Also in 2021 COVID-19 influenced CoaST, most notably, the frequent and long lockdowns, which significantly limited international mobility. Several Phd students were not able to conduct their external stays in other research groups, and in the spring several exchange students, unfortunately, had to cancel their visits to CoaST, while others managed to do a project with CoaST from their home country. The lockdowns, however, also taught CoaST to interact in new ways both internally and with external partners using various on-line platforms – methods which will allow even more international cooperation in the future and will facilitate new ways of working in general.

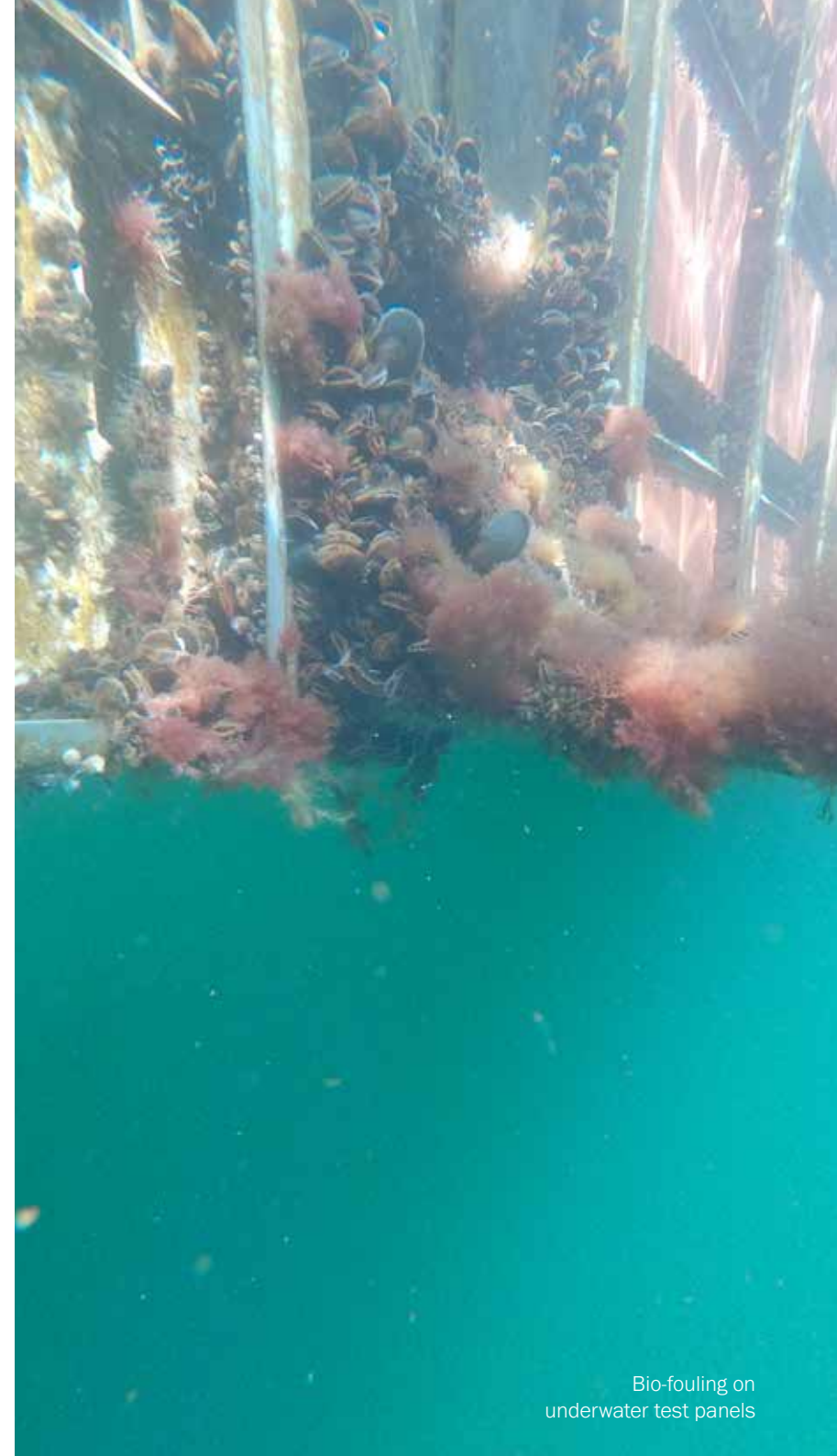
Advisory Board

An Advisory Board keeps the Hempel Foundation up-to-date with the progress in CoaST. The members of the CoaST Advisory Board are:

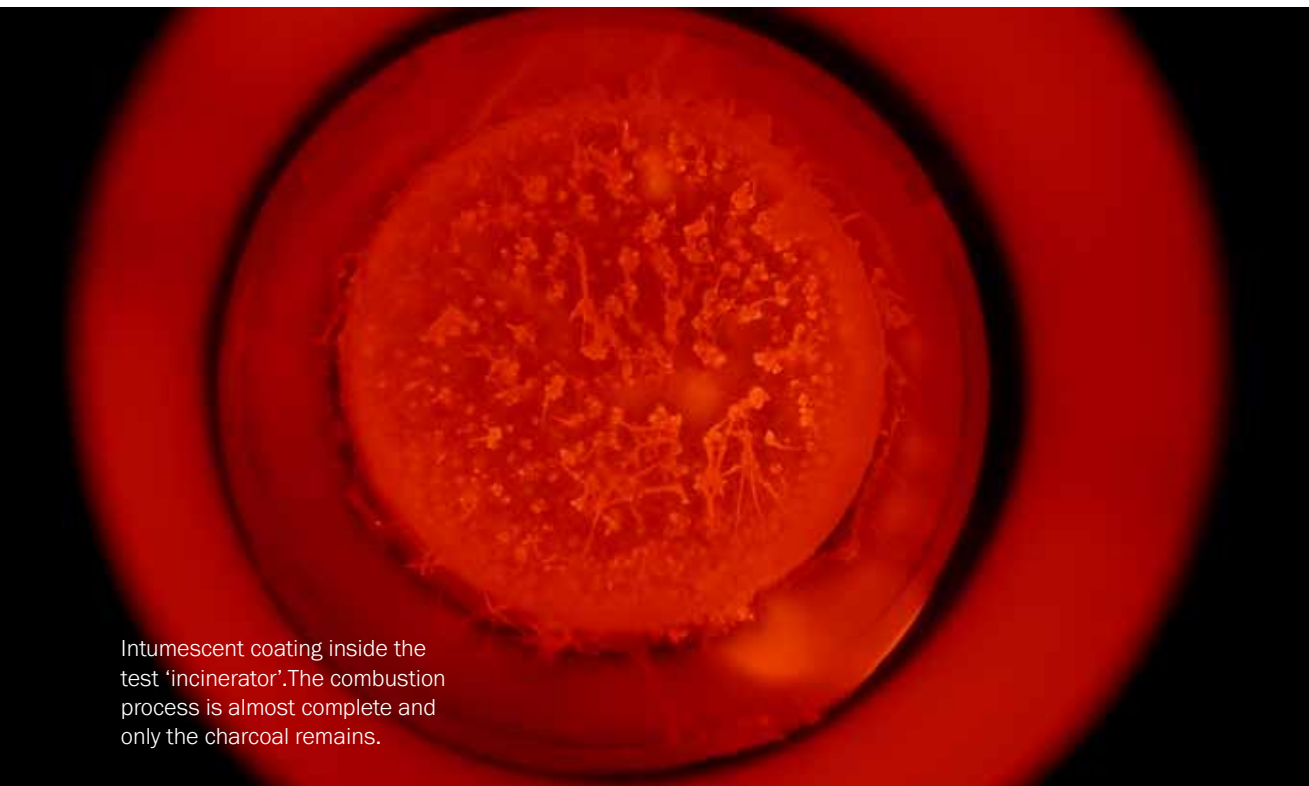
- Jakob Thomasen (Board Professional, Thomasen Safety Aps, Chairman as appointed by the Advisory Board on April 16th, 2021))
- Mikko Hupa (Professor, Åbo Akademi University)
- Klavs F. Jensen (Professor, MIT)
- Katarina Lindström (COO of Hempel A/S)

In cooperation with CoaST, the Advisory Board sets clear qualitative and quantitative key performance indicators (KPIs) for the centre. Due to COVID-19, the Advisory Board's evaluation of CoaST's performance in 2020 was made on the basis of CoaST's Annual Report 2020 as well as a number of project presentations by CoaST team members. The Advisory Board concluded: 2020 was another very good year for the research centre. Despite being heavily influenced by COVID-19 restrictions, CoaST has continued building the activity level and is now close to its plateau.

CoaST staff at CoaST Maritime Test Centre in Hundested, Denmark



Bio-fouling on underwater test panels



Intumescent coating inside the test 'incinerator'. The combustion process is almost complete and only the charcoal remains.

Hempel Foundation International projects 2021

Education

New **Tanzania**
2022 – 2025 *TWAVEZA*
Supporting teachers for improved learning outcomes

New **Tanzania**
2022-2023
Edutainment for catching up

New **Rwanda**
2021 – 2024 *SOS Children's Villages*
Remedial learning

New **Bangladesh**
2022 – 2024 *BRAC*
Quality education through accelerated learning

Uganda
2020-2023 *Save the Children*
Enabling teachers

New **Uganda**
2022 – 2024 *Save the Children*
Children's remedial clubs

New **Uganda**
2022 – 2024 *VVOB*
'Teaching at the Right Level'

Nepal
2020 – 2024 *VSO International*
Inclusive education

Sierra Leone
2020 – 2021 *VSO International*
Unlocking talent with the support of EdTech

Guatemala
2019 – 2024 *Oxfam IBIS*
Access to quality education for indigenous girls

Bolivia
2019 – 2024 *Oxfam IBIS*
Access to quality education for indigenous girls

Zambia
2021 – 2024 *UNICEF*
Improve foundational literacy and numeracy

Madagascar
2020 – 2023 *UNICEF*
Empowering students and teachers in catch-up classes

Vietnam
2015 – 2021 *UNICEF*
Access to quality bilingual primary education

Rwanda
2019 – 2022 *UNICEF*
Reducing dropout rate in primary school

South Africa
2019 – 2024 *UNICEF*
Improving teaching in primary school

Greenland
2018 – 2022 *Consortium*
Improving quality of education in public schools

Etiopia
2017 – 2021 *SOS Children's Villages*
Access to primary education

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

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

Bangladesh
2019 – 2023 *Save the Children*
Empowering girls through education

Peru
2016 – 2024 *AXIS*
Quality education for indigenous children

Nature

New **Cameroon**
2021 – 2024 *WCS*
Sustainable development and effective park management

New **Indonesia (Borneo)**
2022 – 2024 *The Nature Conservancy*
Biodiversity conservation

New **Rwanda**
2022 – 2024 *African Parks*
Biodiversity conservation

Pan Africa (AFCC)
2021 – 2025 *The Nature Conservancy*
Funding to accelerate forest conservation and reforestation at scale in Africa

Indonesia (Sumatra)
2021 – 2025 *WCS*
Protecting and restoring peatland forest in the Singkil Wildlife Reserve on Sumatra

Paraguay
2021 – 2025 *BirdLife International*
Safeguarding and recovering degraded Atlantic Forest in the San Rafael Reserve

DR Congo
2021 – 2025 *WCS*
Safeguarding biodiversity and catalysing sustainable economic growth in the Okapi Wildlife Reserve

Ecuador
2020 – 2023 *WWF*
Connecting people and national parks in the Llanganates-Sangay ecological corridor

Uganda
2019 – 2022 *WWF*
Sustaining biodiversity and enhancing park management in the Rwenzori Mountains National Park

Madagascar
2020 – 2025 *BirdLife International*
Sustainable livelihoods in the Tsitongambarika forest



The Hempel Foundation donated approximately EUR 2 million in 2021 to 56 organisations that applied for support.



Donations by application

'SØSAT' - the Hempel Foundation's open call to promote water activities for Danish children and youth.

In addition to the strategic projects within education, science and nature, the Hempel Foundation also supplies donations given to projects or organisations applying for donations. We continue to receive applications from domestic organisations to be able to support great initiatives.

The Foundation focuses its donations on organisations that work within one of three areas:

Activities at sea
in Denmark



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



Initiatives to
promote talent in
entrepreneurship



In special cases, the Foundation also supports other projects and organisations that show great potential for making a positive change.

On the following pages, we outline examples of the projects we supported in 2021. A complete list of donations in 2021 can be found on page 38-39.



Baisikeli Frijob

Baisikeli Frijob is an association-based work community for homeless and vulnerable citizens. Their mission is to improve the quality of life among people who fall outside all other employment initiatives by creating a flexible workplace, where freelancers learn skills to fix bicycles and gain a tax-free income by use of the “sociale frikort”.

Læs for Livet

Læs for Livet is a non-profit organization using books to inspire social change by providing at-risk children and young people reading experiences and opportunities for a better life. Hempel Foundation’s donation is specifically directed at establishing customized libraries at refuges for women and children fleeing from domestic abuse.



Vindskift

Vindskift provides vulnerable children and youth, who usually do not have access to water sports, the opportunity to go sailing and gain hands-on experience with being on a boat. Students from Oure Sail Academy volunteer to pass on their practical skillsets and ensure an enriching experience on the water together. The ambition is to democratize sailing and inspire children to pursue sailing as an extracurricular activity.

TechBBQ

TechBBQ's main goal is to support and strengthen the Nordic start-up ecosystem as a catalyst for innovation, venture, and technology. Hempel Foundation has supported the two-day summit Tech BBQ as a space to foster community, inspire and exchange ideas on entrepreneurship.

High5Girls

The mission of High5Girls is to inspire young women and girls, between the ages of 13-18, to discover a passion of science, technology, engineering and math (STEM) through active learning. Hempel Foundation supports camps and hackathons where participants are invited to solve a challenge from the UN Global Goals with an entrepreneurial mindset.



Søsat - Open Call to promote water sports for children and youth

In 2021 Hempel Foundation initiated an open call targeting local water sports clubs and initiatives promoting activities on the water for children and youth around Denmark. The aim is to promote fun learning experiences, increase awareness and access to activities such as sailing, canoeing or stand-up paddleboarding for the next generation of sailors.



MARTEC – Skoleskibet Danmark

Skoleskibet Danmark fosters a new generation of shipmates learning hands-on skills while onboard the 90-year-old ship. Hempel Foundation supports activities for 160 students to improve their sense of community, engage in physical activities, and gain maritime knowledge – including field trips to countries visited on their voyages around the world.

Emergency Relief

Doctors Without Borders is an independent, global movement providing medical aid where it's needed most. In 2021 Hempel Foundation supported their continued efforts to provide urgent medical care during the COVID-19 pandemic.

In 2021 Hempel Foundation supported UNICEF's Humanitarian Action for Children appeal in Haiti, that helps support the agency's work as it provides conflict- and disaster-affected children with access to water, sanitation, nutrition, education, health, and protection services.

Hempel Foundation has also supported UNICEF's contributing to the COVAX program delivering vaccines to Zambia, with the aim of protecting frontline health care and social workers, as well as high-risk and vulnerable groups.



ART 2030

ART 2030 facilitates art projects connected to the UN Global Goals - including public events, art experiences, multi-platform communication, and educational activities with a mission to inspire action for a sustainable future.

List of donations in 2021

Organisation	Purpose	Donation (EUR)
Education		
BRAC	Partnership with BRAC in Bangladesh	2,017,105
VVOB	Partnership with VVOB in Uganda	1,613,684
Save the Children	Partnership with Save the Children in Uganda	1,344,737
SOS Børnebyerne	Partnership with SOS Børnebyerne in Rwanda	1,344,737
Twaweza	Partnership - KiuFunza Teacher Incentives	1,290,947
Ubongo	Partnership - Reaching Tanzania's last mile children	537,895
Dalberg Catalyst	Partnership - Elimu Soko	437,039
Dalberg Catalyst	Partnership - Elimu Soko	322,737
mEducation Alliance	International Numeracy Awards	21,516
International Education Founders Group	IEFG donation	8,741
mEducation Alliance	Partnership with mEducation Alliance	8,068
Internal donations Education		266,631
Total		9,213,836
Science		
CoaST Coating Science and Technology Centre, DTU	The Hempel Foundation Coatings Science and Technology Centre	4,034,210
Total		4,034,210
Nature		
The Nature Conservancy	Sustaining biodiversity in Indonesia (Borneo, Northern Kalimantan)	1,613,684
Wildlife Conservation Society	Sustaining biodiversity in Cameroon (Mbam Djerem National Park)	1,600,237

Organisation	Purpose	Donation (EUR)
African Parks	Sustaining biodiversity in Rwanda (Nyungwe National Park)	672,368
The Nature Conservancy	Supporting development of carbon projects through the African Forest Carbon Catalyst	403,421
BirdLife	Increase sustainable funding for conservation management through the Birdlife Accelerator Programme	268,947
Internal donations Nature		134,370
Total		4,693,027
Applications		
1. Helping and promoting social inclusion of vulnerable children and youth in Denmark and Greenland		
Save the Children's youth organisation	"Lyst til læring"	134,474
Mary Fonden	Prolonging partnership	103,124
Mødrehjælpen	Christmas aid for vulnerable groups	87,408
Julemærkefonden	Christmas seal homes for children with social challenges	67,237
Landsforeningen mod spiseforstyrrelser og selvskaede	Counselling for young people with eating disorders and self-harm	40,342
Udvalget for Husmoderferie	Holiday camps for vulnerable children	40,342
FRAK	"Ø-RØDDERNE"	36,438
Dansk Folkehjælp	Christmas aid for vulnerable children	33,618
Løkkefonden	"DrengeAkademiet 2022"	33,618
Læs For Livet	Libraries for women's shelters	32,946
Blå Kors Danmark	Blå Kors' holiday camps 2021	26,895
Blå Kors Danmark	Blå Kors' holiday camps 2022	26,895
SMILFONDEN	Reliefs for chronically ill children	24,205

Organisation	Purpose	Donation (EUR)
Foreningen Danske Døvblinde (FDDB)	Support for the deaf and blind	13,447
Sundbyernes Filantropiske Forening: Barnets Glæde	Financial assistance for vulnerable children	10,086
Handicappede Børns Ferier	Holidays for children with handicap	4,034
Juleglæde Fonden	Christmas aid for vulnerable groups	4,034
Total		719,144

2. Activities at sea in Denmark

Fulton Fonden	Reconstruction of Fulton	53,789
Den selvejende Institution Waterz	The development of Water Sports in Denmark	20,171
MARTEC	Activities for students on "Skoleskibet Danmark"	20,171
Aalborg Kommune	The Tall Ships Races	13,447
Tænk tanken CONCITO	Events about sustainable practices for young people on and by the water	13,447
Skolerne i Oure - Sport & Performance	Vindskift: Boat trips for vulnerable young people	6,724
Støtteforeningen Bente Irene	Paint donation	4,518
Fonden Peder Skram	Paint donation	4,034
Søfartens Bibliotek	Updating the library's books	4,034
FDF Københavns Søkræds	Paint donation	2,689
Springeren Maritimt Oplevelsescenter	Paint donation	2,689
Dansk Veteranskibsklub S/S Bjørn	Paint donation	2,555

Organisation	Purpose	Donation (EUR)
Foreningen til Gamle Skibes Bevarelse	Paint donation	2,421
Foreningen Everten Rebekka af Fanø	Paint donation	1,883
Foreningen Færgen Møn's Venner	Paint donation	1,869
Ferskvandsmuseumsforeningen	Paint donation	1,349
Marstal Søfartsmuseum	Paint donation	1,345
Rudkøbing Sejlklub	Activities for young people on the water	1,345
Marstal Søfartsmuseum	Paint donation	1,076
Total		159,558

3. Initiatives for talented individuals within entrepreneurship

Foreningen til drift af TechBBQ	TechBBQ 2021	33,618
Aarhus Symposium	Aarhus Symposium's 10-year anniversary in 2021	13,447
Business Battlefield 2021	Business Battlefield 2021	13,447
CBS Case Competition	CBS Case Competition 2021	13,447
CBS Case Competition	CBS Case Competition 2022	13,447
Polyteknisk Forening	Exchange for technical students	3,362
Total		90,770

4. Other good Initiatives

Maternity Foundation / Fondet	Globale Safe Delivery Program	201,711
Doctors Witout Borders	COVID-19 initiatives	134,474
Unicef Danmark	COVID-19 vaccines for vulnerable groups in Zambia	134,474

Organisation	Purpose	Donation (EUR)
Unicef Danmark	Humanitarian work for young people in Haiti	134,474
Astra	Young Scientists	80,684
ART 2030	"Communication of "Art for Biodiversity and All Forms of Life""	67,237
Settlementet	Development of socio-economic initiatives	67,237
Bloom	Bloom Festival	47,066
Frelsens Hær	Christmas aid, meeting places and holiday camps for vulnerable groups	26,895
Oxfam IBIS	"Hele Verden i Skole"	14,792
Baisikeli Frijob	Baisikeli Frijob	13,447
	"Red nose day"	13,447
Fonden Morgencafé for Hjemløse	"Sundhedsrum" for vulnerable groups	13,447
High5Girls	Women in STEM 2022	13,447
Københavns Domkirke - Vor Frue Kirke	Hugs & Food	13,447
Danish Red Cross	"Danmarks Indsamlingen 2022"	13,447
Ungdommens Naturvidenskabelige Forening	Knowledge of science and technology	10,086
Kronprins Frederiks Fond af 17. september 1865	Work for the benefit of rescuers, fishermen and sailors as well as their families	3,362
Total		1,003,174
Total (applications)		1,972,645
Financial Adjustments		-266,424
Donations total for 2021		19,647,295



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 the legislation and to basically comply with all recommendations from the committee for good governance in commercial foundations.

The Board and the secretariat keep a close watch on the continued effort to ensure a high degree of transparency in results and procedures covering all aspects of the Foundation's scope that are not sensitive to Hempel's Business.

Regarding the recommendations from the committee for good governance in foundations, the Board of Trustees has made a full report, which is available at: 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 ultimately the Foundation is 100 per cent owner of the Hempel Group companies.

The 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 governed by a Board of Trustees comprising 5-7 members elected by the Foundation and 3-4 members elected among employees of Hempel A/S.

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 a target for gender representation for members elected by the Foundation. The declared target is that a minimum of two of the Board members appointed by the Foundation must be female. This target was achieved in April 2018 and maintained in 2021.

The Board of Trustees has also decided that competencies within charitable donations, commercial business and financial investments as well as sustainability 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.

The Board continuously oversees and ensures that the Foundation's asset management corresponds to the Foundation's purpose and needs in the short and long term.

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

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.

Board committees

The Board has established two committees: an Investment Committee and a Donations Committee. 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. In 2021 there was an ad hoc committee established to prepare for a strategy board meeting on biodiversity.

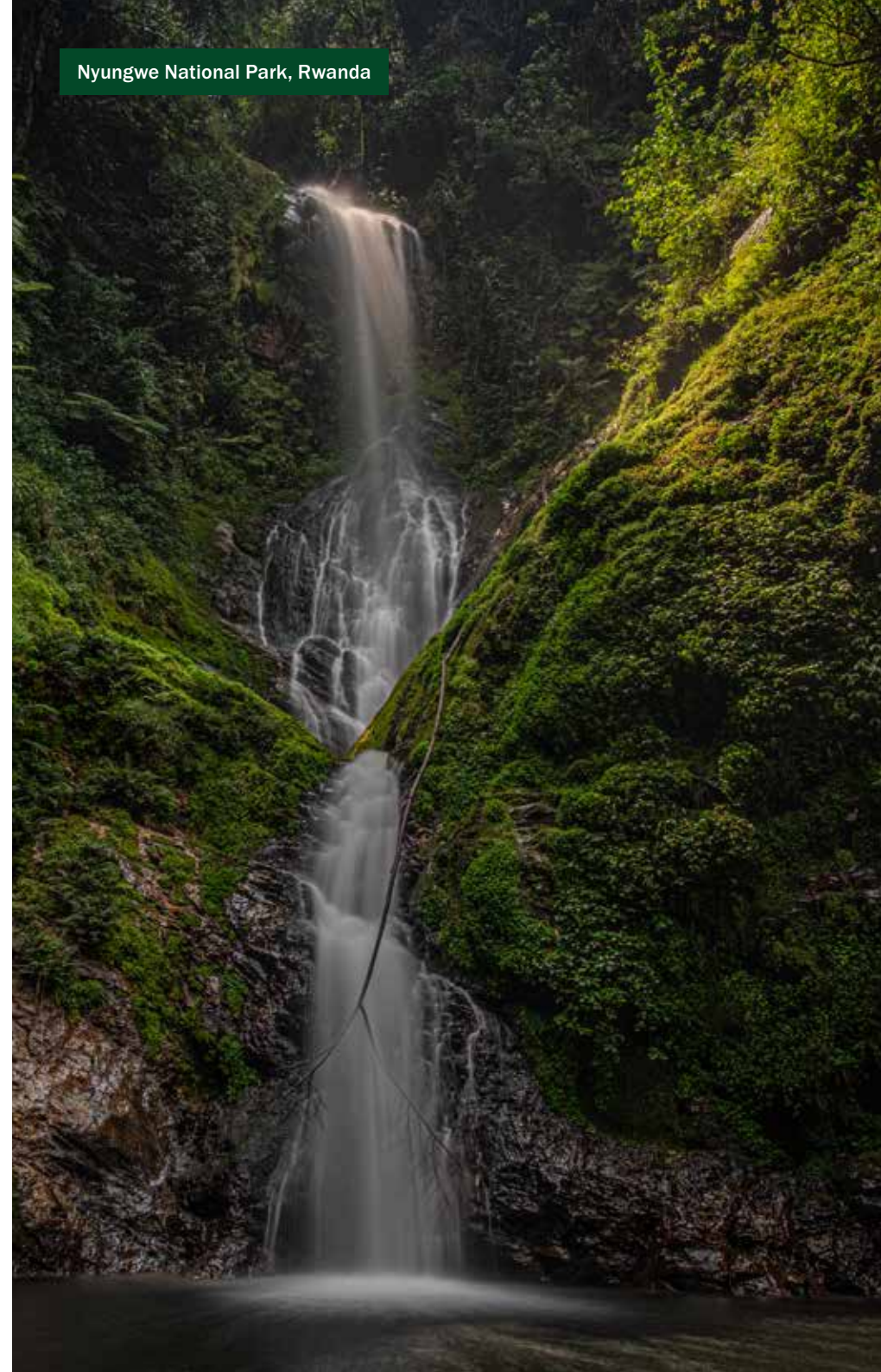
Investment Committee

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

Donations Committee

The Foundation has elected and established a Donations Committee, which examines and evaluates the applications the Foundation



receives every year, many of which are for large and complex projects. Hundreds of applications are received each year exclusively through our online donation application system followed by a complete transparent four-step assessment process, consisting of the secretariat, the executive director, the Donations Committee and the Board of Trustees.

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.

The Donations Committee generally holds 5-6 meetings each year announced annually on the Foundation's website.

Spokespersons

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

In addition to the ordinary 5-6 board meetings, at least 1 or 2 half-day strategy meetings are held during the year, and most often 2 to 4 extraordinary board meetings will be held when necessary.

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 the 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.

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.

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

The total remuneration paid to the Board in 2021, including remuneration for work on Board committees, was EUR 450,426. The base remuneration paid to each Board member in 2021 was EUR 33,615. The Hempel Foundation is fully transparent about remuneration and the amount each Board member receives. This

information, as well as the salary for the Executive Director, can be found on the Hempel Foundation website in the "redegørelse for god fondsledelse" (account of foundation governance).

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

An account of the Hempel Foundation's social responsibility work is available on the Foundation's website: <https://www.hempelfonden.dk/en/who-we-are/governance> in accordance with the Danish Financial Statements Act § 99a.

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 55 million in 2021, compared to EUR 45 million in 2020. Please refer to the separate review of the activities of the Hempel Group on page 48-51.

2021 Business- related activities





Hempel Group HQ
Lundtofte, Denmark
- owned by Hempel Invest

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 shares, bonds etc. are managed by four external professional portfolio managers. Portfolio management is split in order 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 the portfolio managers' handling of financial investments.

We require managers to have signed UN PRI and have an ESG screening process that as a minimum ensures, that we do not invest in

companies which participates in corruption or in systematic and gross violations of:

- The environment
- Labour conditions
- Human rights

These principles also applies for investments in private equity.

Property investments

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

The Hempel Foundation also owns the properties housing the Hempel Group's headquarters and main R&D departments in Kgs. Lyngby, Denmark. Major investments have been made in expanding the properties in Lyngby.

Hempel Invest A/S, a 100 per cent owned investment subsidiary of the Hempel Foundation, has also made the following

significant property-related investments:

- HQ office facilities constructed for the Hempel Group.
- Full ownership of two forests located in Denmark
- Shareholdings in a listed real estate property company

Direct investments, alternatives and impact 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, including:

- Shareholdings in small and medium-sized companies
- Private equity investments and Fund-of-funds structures
- Direct venture investments in innovative enterprises
- Impact investments

In 2021, we continued to screen for impact-driven investment managers able to display measurable impact within our strategic focus areas of education and biodiversity. Our

ambition is to achieve competitive financial returns. However, our flexibility means allocations can be made to investment managers that operate in high-risk environments and potentially with new business models not yet fully matured.

Net financial income

The net financial income from the Hempel Foundation's investment portfolio resulted in a return of EUR 23 million in 2021, compared to a positive return of EUR 5 million in 2020. The fully owned subsidiary Hempel Invest A/S had a return of EUR 15 million on investments in 2021, compared to a neutral return of EUR 0 million in 2020. Both results were affected by the COVID-19 pandemic and considered to be satisfactory.

Financial report of the Hempel Foundation

The outcome of the Hempel Foundation's activities in 2021 is considered satisfactory. The net profit after tax for 2021 was EUR 78 million, compared to EUR 49 million in 2020.

The Hempel Foundation's total revenue for 2021 increased to EUR 2,864 million compared to EUR 1,981 million in 2020.

The equity of the Hempel Foundation at end 2021 was EUR 867 million.

Subsequent events

No significant events have occurred subsequent to the balance sheet date that are considered to have a significant influence on the evaluation of the Annual Report for the Hempel Foundation.

Refer to Letter to Stakeholders of the Hempel Group and note 5.6.

Hempel R&D Facility in Lundtofte, Denmark



Introduction

Hempel A/S had a satisfactory performance in 2021 under challenging conditions, and is now stronger than ever.

The Hempel Foundation's main purpose is to provide and maintain a solid economic base for the Hempel Group. Our long-term focus and stable ownership are reasons why Hempel A/S can maintain and expand its leading position in the global coatings market.

Hempel A/S Letter to stakeholders 2021

Continuous organic growth coupled with strong progress within acquisitions, customer partnerships and sustainability has laid the foundation for doubling our impact by 2025.

In Hempel, our purpose is to create a brighter future with sustainable coating solutions. As the world looks towards greater environmental, social and governance (ESG) performance, we are well placed to assist our customers as they build better business models, based on greater efficiency, lower carbon emissions and process circularity. This work begins with our own business. In 2021, we took great steps within our operations, while building key partnerships that deliver both financial and environmental value for our customers.

Strong organic growth and business performance

This year we have transitioned into presenting the Annual Report in accordance with IFRS. For further details on the transition, please see page 67 in Hempel A/S Annual Report.

We delivered growth in 2021 of 15.1 per cent, ending the year with ten quarters of consecutive organic growth. This was a tremendous achievement. Our organic growth of 5.9 per cent is the highest in more than ten years, marking a strong start to our *Double Impact* strategy. At the same time, our EBITDA margin was 11.4 per cent, with an EBITDA of EUR 203 million, which was in line with our outlook for 2021¹. There were external factors at play – the infrastructure industry, for example, rebounded following a COVID-19 impacted 2020 – but ten quarters of organic revenue growth with stable EBITDA demonstrates that our work to reorganise and further professionalise our company has paid off.

The COVID-19 pandemic remains a challenge, bringing uncertainty to all countries and uneven

performance to every business segment, although in 2021 the impact was more pronounced in the beginning of the year than towards the end. Since the start of the pandemic, our priorities have been clear. Our number one concern is the safety of all our employees. At the same time, we have worked to ensure our business continues to run smoothly and our customers, partners and others are safe when dealing with us. In addition, we implemented measures to protect our financial robustness and to ensure we have capacity for continued investment. These actions have proven effective and placed us in a strong position.

In 2021, supply chain shortages became an issue for many companies, and raw material prices increased in an unprecedented way. The paints and coatings industry was forced to pass some of these increases onto customers and Hempel was no exception. However, we will not allow price to be our only focus. We believe that quality has long-term business benefits, and we are taking a proactive approach and working transparently with customers.

In September, we were extremely pleased to officially open Hempel Campus, our new global headquarters and research and development centre. More than just a physical space, Hempel Campus is an investment in our people and innovation, and we look forward to collaborating here with stakeholders from different industries, countries and disciplines to create the more sustainable and impactful coating solutions that our world needs. Hempel Campus is a key element in our ambition to be a global leader

within innovation and sustainability/ESG in our core business areas, and will help us attract and retain the best talent.

Doubling our impact

2021 was the first full year of our five-year *Double Impact* strategy. Our ambition is to double our business by 2025 and to increase our positive impact in terms of sustainability and ESG – and we are on track. As well as organic growth, we delivered two major acquisitions. The addition of Watty and Farrow & Ball have added significant value to our business, expanding our offering and geographical reach, primarily in the Decorative segment. Both acquisitions delivered on our expectations in 2021 and our joint efforts are already materialising, demonstrating the strength of our values, culture and global processes. Our two acquisitions added revenue of EUR 162 million in 2021, with expectations of an annualised full year impact in 2022 of around EUR 275 million, further adding to our growth journey.

To make sure we keep delivering on our strategic ambitions and unleash even more potential and energy to double by 2025, we have launched a new and more customer-focused way of working together in Hempel. Our work is now organised around customers in our key customer segments: Marine, Decorative, Infrastructure and Energy. We have an integrated supply chain driving global synergies across our business, and we have globalised key support functions to better use shared strengths and capabilities. To reflect the new commercial structure, we have a new Executive Group Management team.

As we grow in size, so does our responsibility. As a company, we must play our part in tackling some of the biggest issues of our time: climate change and the depletion of the world's natural resources. Putting sustainability at the heart of how we do business is the right thing to do. It is also the smart thing to do. To win key customers today, we must deliver solutions that help them achieve their sustainability agendas and ESG ambitions. As we double our business, we have to detach our environmental impact, a journey we have already embarked upon.

A brighter future with Futureproof

We introduced Futureproof in February 2021. Our intention is to embed sustainability and ESG into everything we do, from our core operations and decision-making to our product development and investments. Integrating sustainability into our business is a complex transformation. Futureproof is a holistic framework that directs how we do this.

During 2021, we worked on setting CO₂ reduction targets in line with the Science Based Targets initiative. This means we are committed to reducing emissions throughout our value chain in line with what is needed to limit a global temperature rise to 1.5°C above pre-industrial levels. In November 2021, we submitted our targets to be independently verified by the Science Based Targets initiative and we expect this validation to be completed during Q1 2022. Delivering on our targets will require action from across our business as well as our wider value chain. A number of these initiatives have begun, including our commitment to run our sites on renewable energy and transition to electric and

1) Last year's EBITDA expectation was restated due to the transition to IFRS. Refer to section 5.8 of the financial statements for further information on the impact of the transition.

hybrid vehicles within our company fleet. We have also increased our focus on collaborating with customers and suppliers to drive sustainability performance through our supplier engagement programme as well as in other ways. We will build on and expand these efforts during 2022 to ensure Hempel is successful in reaching its ambitious and meaningful CO₂ reduction targets.

The success of our ambitions depends on the commitment, dedication and skills of our people. At its heart, Hempel is a people company – we are a success because of, and for, our employees. Over the past few years, we have put development programmes in place to ensure we all have an opportunity to develop ourselves and our careers. We supplemented these in 2021 with new programmes focused on increasing diversity and inclusion. This remains a key focus for us. We want Hempel to be a beacon for diversity and inclusion, showing how fairness and respect lead to better business outcomes. We set high standards for ourselves, and we know we can raise the bar even further to get where we want to be in 2022 and beyond.

Partnerships for the future

No company can change the world alone. Therefore, partnership sits at the centre of our *Double Impact* strategy. An excellent example is our new strategic partnership with GRI Renewable Industries, a leading manufacturer of towers and flanges for the wind sector and a long-term Hempel customer. The partnership will drive sustainability improvements and cost reductions in wind tower production – to help bring down the levelised cost of wind energy –

and we look forward to working with GRI Renewable Industries towards these mutual goals.

We also continued to refine our market-leading product portfolio in 2021. For example, we launched Hempafire Pro 400, a new passive fire protection coating that ensures the structural integrity of a building for up to 120 minutes if a fire breaks out, giving people valuable time to evacuate. Hempafire Pro 400 is also optimised to reduce paint consumption and application time. We launched a new campaign for our award-winning Avantguard primers, which increase the longevity of a painted asset and so reduce the asset's lifetime carbon footprint. In addition, we added Seamflow, a new weld seam service, to our portfolio. Performed on ocean-going vessels, this service improves hull hydrodynamics to reduce fuel consumption and associated emissions, and it complements our existing portfolio of fuel-saving hull coatings. Of these, our Hempaguard range in particular continued its success, with increased sales strengthening our market-leading position in hull performance. As we develop even closer partnerships with customers, our combination of advanced products, targeted services, digital solutions and leading expertise is helping them meet ever-more stringent environmental standards, while significantly reducing their carbon footprint and costs – demonstrating that business and environmental benefits go hand-in-hand.

Looking ahead

As a company, Hempel has a responsibility, and the ability, to act and make a difference. We will radically advance our environmental and social

performance over the next few years, with new products, partnerships and programmes. We will also expand our business and grow our profitability, so we can continue to fund the good work of our owner, the Hempel Foundation. We can only do this if we have a robust company, with financial stability and a diverse and talented group of employees, so we will continue to invest in our company and our people.

In 2022, we expect to see continuing mid to high single-digit organic revenue growth. Further, despite the unpredictable circumstances affecting raw materials, we foresee a slightly increasing EBITDA margin between 11 and 12 per cent, leading to an EBITDA of EUR 220-240 million, thanks to continuous improvements in our supply chain and investments in innovation.

Finally, we would like to thank our colleagues for all their incredible work during the year. In the face of multiple challenges, you demonstrated agility, creativity, outstanding effort and team spirit to deliver a very satisfying performance. We would also like to thank our suppliers, partners and customers for their continued trust and support. We look forward to working with you all in the coming years towards a brighter future.



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

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

Paraguay

Shade-grown
'yerba mate' in
Atlantic Forest,
Paraguay

Independent auditor's report

To the Board of Trustees of the Hempel Foundation

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Hempel Foundation at 31 December 2021 and of the results of the Foundation's operations and cash flows for the financial year 1 January - 31 December 2021 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 2021, which comprise income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies ("the 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 Foundation in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. 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 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 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 the 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

judgement 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 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 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 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 May 2022

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Anders Stig Lauritsen
State Authorised Public Accountant
mne32800

Nikolaj Erik Johnsen
State Authorised Public Accountant
mne35806

Financial statements

A photograph of two hikers walking across a wooden bridge in a lush, green forest. The bridge is made of metal grating and has a wooden railing. The hiker in the foreground is wearing a dark jacket and a cap, while the hiker in the background is wearing a green shirt and a backpack. The forest is dense with various types of trees and plants, creating a vibrant green backdrop.

56 Primary statements

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

61 Section 1
Basis of preparation

- 61 1.1 General accounting policies

63 Section 2
Results for the year

- 63 2.1 Revenue
- 63 2.2 Employee costs
- 64 2.3 Income from investments in subsidiaries
- 65 2.4 Income tax

66 Section 3
Operating assets and liabilities

- 66 3.1 Property, plant and equipment
- 67 3.2 Other securities and investments
- 68 3.3 Prepayments
- 68 3.4 Receivables
- 68 3.5 Other liabilities

69 Section 4
Capital structure and financing items

- 69 4.1 Base capital
- 69 4.2 Financial risks
- 69 4.3 Net financials
- 69 4.4 Cash and cash equivalents, net
- 69 4.5 Changes in working capital
- 69 4.6 Bank loans, etc

70 Section 5
Other disclosures

- 70 5.1 Fees to the auditors appointed at the General Meeting
- 70 5.2 Adjustments for non-cash operating items
- 70 5.3 Related parties and ownership
- 71 5.4 Investments in subsidiaries
- 71 5.5 Contingent liabilities and other financial obligations
- 71 5.6 Events after the reporting period
- 72 5.7 Group overview
- 74 5.8 Financial definitions

Key figures

In EUR thousands (unless otherwise stated)

	2021	2020	2019	2018	2017
Income statements					
Revenue	3,033	1,981	1,680	1,688	1,853
EBITDA	1,407	111	52	-34	236
Depreciation and impairment	1,590	896	5,770	935	972
Operating profit	-183	-785	-5,718	-969	-736
Income from investments in subsidiaries	54,662	44,812	59,938	49,987	41,706
Net financials	23,436	5,246	14,997	-7,345	9,362
Profit before tax	77,915	49,273	69,217	41,673	50,332
Net profit for the year	77,915	49,273	69,217	41,669	50,325
Financial positions					
Balance sheet total	944,534	854,526	854,792	794,377	750,977
Equity	866,845	778,436	777,994	727,293	715,488
Investment in tangible assets	446	6,341	17,978	2,399	15
Cash flows					
Operating activities	3,111	-907	-171	459	3,968
Investing activities	4,610	17,393	-59,366	41,470	-13,253
Financing activities	-7,773	-9,968	-9,052	15,945	4,733
Change in cash and cash equivalents	-52	6,518	-68,589	57,874	-4,552

	2021	2020	2019	2018	2017
Employees					
Average number of employees	9	8	8	7	4
Donations					
Donations for the year	19,647	15,408	21,061	20,384	19,696
Ratios (%)					
Solvency ratio	91.8	91.1	91.0	91.6	95.3
Return on equity	9.5	6.3	9.2	5.8	7.0

For definitions see note 5.8.

Income statement

In EUR thousands

Note		2021	2020
2.1	Revenue	3,033	1,981
	Other external expenses	-618	-685
	Gross profit	2,415	1,296
2.2	Employee costs	-1,008	-1,185
3.1	Depreciation and impairment	-1,590	-896
	Operating profit	-183	-785
2.3	Income from investments in subsidiaries	54,662	44,812
	Profit before financial income and expenses	54,479	44,027
4.3	Financial income	27,464	32,264
	Financial expense	-4,028	-27,018
	Profit before tax	77,915	49,273
2.4	Income tax	–	–
	Net profit for the year	77,915	49,273

Distribution of profit	2021	2020
<i>Proposed distribution of profit:</i>		
Donations for the year	19,647	15,408
Reserve for net revaluation under the equity method	54,662	44,812
Retained earnings	3,606	-10,947
	77,915	49,273

Balance sheet

as at 31 December

In EUR thousands

Note		2021	2020
	Land and buildings	41,474	36,392
	Other fixed assets	1,027	7,229
3.1	Property, plant and equipment	42,501	43,621
5.4	Investments in subsidiaries	672,806	588,119
3.2	Other securities and investments	210,587	180,654
	Other non-current assets	883,393	768,773
	Total non-current assets	925,894	812,394
	Receivables from Group enterprises	8,384	30,171
	Other receivables	723	2,242
3.4	Receivables	9,107	32,413
	Cash at bank and in hand	9,533	9,719
	Current assets	18,640	42,132
	Total assets	944,534	854,526

Note		2021	2020
4.1	Base capital	4,691	4,691
	Reserve for net revaluation under the equity method	668,362	583,678
	Retained earnings	163,535	159,829
	Reservation for grants	30,257	30,238
	Total equity	866,845	778,436
	Pension obligations and similar obligations	239	239
	Provisions	239	239
4.6	Loans	16,958	18,020
	Long-term debt	16,958	18,020
	Short-term part of loans	755	606
	Payables to Group enterprises	–	25
3.5	Other liabilities	59,737	57,200
	Total current liabilities	60,492	57,831
	Total liabilities	77,689	76,090
	Total equity and liabilities	944,534	854,526

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
	Equity					
	Equity at 1 January 2020	4,691	586,365	156,824	30,114	777,994
	Net profit for the year	–	44,812	–10,947	15,408	49,273
	Dividend received	–	-13,306	13,306	–	–
	Exchange adjustments at year-end rate	–	-32,916	646	124	-32,146
	Remeasurements of defined benefit plans	–	-2,265	–	–	-2,265
	Tax on equity	–	988	–	–	988
	Grants for the year	–	–	–	-15,408	-15,408
4.1	Equity at 31 December 2020	4,691	583,678	159,829	30,238	778,436
	Net profit for the year	–	54,662	3,606	19,647	77,915
	Dividend received	–	–	–	–	–
	Exchange adjustments at year-end rate	–	31,153	100	19	31,272
	Remeasurements of defined benefit plans	–	2,685	–	–	2,685
	Tax on equity	–	-3,816	–	–	-3,816
	Grants for the year	–	–	–	-19,647	-19,647
4.1	Equity at 31 December 2021	4,691	668,362	163,535	30,257	866,845

Cash flow statement

In EUR thousands

Note	2021	2020	
Cash flows from operating activities			
	Operating profit	-183	-785
5.2	Adjustment for non-cash operating items	1,591	898
4.5	Changes in working capital	1,703	-1,020
2.4	Income tax paid/received	–	–
	Total cash flows from operating activities	3,111	-907
Cash flows from investing activities			
5.4	Dividends received from subsidiaries	–	13,306
4.3	Other dividends received	2,197	3,082
3.1	Purchase of property, plant and equipment	-446	-6,341
3.2	Purchase of fixed asset investments	-83,387	-130,432
3.2	Sale of fixed asset investments	64,432	78,902
	Change in receivables designated as investing activities	21,814	64,227
	Total cash flows from investing activities	4,610	22,744

Note	2021	2020	
Cash flows from financing activities			
	Change in loans	-913	-727
	Interest income and expenses, net	10,501	645
	Paid grants	-17,361	-15,237
	Total cash flows from financing activities	-7,773	-15,319
	Change in cash and cash equivalents	-52	6,518
4.4	Cash and equivalents, net, beginning of year	9,719	3,324
	Exchange adjustment	-133	-123
4.4	Cash and equivalents, net, end of year	9,534	9,719

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 2021 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 2021 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

For foreign subsidiaries with a functional currency other than euro, the income statements are translated into euro at the exchange rates prevailing at the end of the reporting period for balance sheet items, and at average monthly exchange rates for income statement items in so far these do not deviate materially from the actual exchange rates at the transaction date.

All exchange differences are recognised in the income statement for the year, except for exchange rate adjustment of investments in subsidiaries arising from:

- foreign exchange adjustments arising from translation of the opening balance of equity of foreign subsidiaries at the exchange rates on the balance sheet date
- the translation of foreign subsidiaries' income statement from monthly average exchange rates to exchange rates at the end of the reporting period

These specific exchange rate adjustments are recognised directly in equity. If the foreign entity is a non-wholly owned subsidiary, the relevant proportion of the translation difference is allocated to the minority interest.

Other operating income

Other operating income and operating expenses comprise items of a secondary nature relative to the Hempel 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 Hempel 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

	2021	2020
Board of Trustees and Executive Director	683	666
Wages and salaries	213	419
Pension contributions	112	100
	1,008	1,185
<i>Employees:</i>		
Average number of employees	9	8

Remuneration for Board of Trustees and Management 2021 in EUR

	Hempel Foundation			Hempel Invest	Hempel A/S		Total
	Remuneration	Committees	Car	Remuneration	Remuneration	Committees	
Richard Sand	100,846	-	30,236	33,615	191,608	40,339	396,644
Leif Jensen	50,423	13,446		26,892	63,869	41,683	196,313
Kim Dam-Johansen	33,615	6,723		20,169			60,507
Birgitte Hagemann Snabe	33,615	3,362		20,169			57,146
Lars Aaen	33,615	10,085		20,169			63,869
Britt Meelby Jensen	33,615			20,169			53,784
Claus Juul Petersen	33,615			20,169			53,784
Henrik Bach Falkenberg	33,615			20,169			53,784
Andreas Glud	33,615			20,169			53,784
	386,574	33,616	30,236	201,690	255,477	82,022	989,615
Anders Holm	232,344						

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

	2021	2020
Profit before tax	81,618	76,985
Tax for the year	-26,956	-32,173
Profit after tax	54,662	44,812

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

	2021	2020
Total tax	—	—
Current tax for the year	—	—
Deferred tax for the year	—	—
Adjustment in respect of previous years	—	—

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

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	Total
Costs, beginning of year	44,948	10,556	55,504
Exchange adjustment at year-end rate	27	5	32
Additions for the year	-	446	446
Transfers between categories	6,326	-6,326	0
Costs, end of year	51,301	4,681	55,982
Accumulated depreciation, beginning of year	8,556	3,327	11,883
Exchange adjustment at year-end rate	6	2	8
Depreciation for the year	1,265	325	1,590
Accumulated depreciation, end of year	9,827	3,654	13,481
Carrying amount, end of year	41,474	1,027	42,501

3.2 Other securities and investments

Accounting policies

Other securities and capital investments, 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

	2021	2020
Costs, beginning of year	178,511	124,264
Additions for the year	83,387	130,432
Disposals for the year	-64,432	-76,696
Exchange rate at year-end rate	109	511
Costs, end of year	197,575	178,511
Net revaluations, beginning of year	2,143	2,784
Net revaluations for the year	10,868	-651
Exchange rate at year-end rate	1	10
Net revaluations, end of year	13,012	2,143
Carrying amount, end of year	210,587	180,654

In EUR thousands

Investment category	Fair value hierarchy level	Fair value as of 31 December 2021	Net revaluation recognised through profit and loss
Bonds (Listed)	1	104,562	-1,449
Shares (Listed)	1	96,961	10,778
Other investments (Listed)	1	8,476	1,387
Other investments (Non-Listed)	3	588	152
		210,587	10,868

The investments are classified in accordance with the fair value hierarchy:

Level 1 - Fair Value can be measured using quoted market prices in an active market for identical assets and liabilities.

Level 2 - Fair Value can be measured using observable inputs other than quoted market prices.

Level 3 - Fair Value is measured using unobservable inputs.

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

	2021	2020
Receivables	9,107	32,413
of which due more than one year from balance sheet date	–	–
	9,107	32,413

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

Financial income	2021	2020
Interest from subsidiaries	1,073	355
External interest income	817	804
Dividend	2,197	3,082
Realised and unrealised exchange gains	23,377	28,023
	27,464	32,264

In EUR thousands

Financial Expense	2021	2020
External interest expense	295	684
Realised and unrealised exchange losses	3,733	26,334
	4,028	27,018

4.4 Cash and cash equivalents, net

Accounting policies

Cash and cash equivalents consist of cash at bank and in hand.

4.5 Changes in working capital

Accounting policies

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

In EUR thousands

	2021	2020
Change in operating receivables	1,535	-605
Change in trade payables	168	-415
	1,703	-1,020

4.6 Bank loans, etc.

Accounting policies

Fixed-interest loans, such as mortgage loans and loans from credit institutions, are recognised initially at fair value net of incurred transaction costs and subsequently at amortised cost using the effective interest method. The difference between the proceeds initially received and the nominal value is recognised as a financial expense in the income statement over the term of the loan.

Mortgage loans are measured at amortised cost, which for cash loans corresponds to the remaining loan. Amortised cost of debenture loans corresponds to the remaining loan calculated as the underlying cash value of the loan at the date of raising the loan adjusted for depreciation of the price adjustment of the loan made over the terms of the loan at the date of raising the loan.

In EUR thousands

	2021	2020
<i>Long-term bank borrowings etc. including short-term part:</i>		
Due within 1 year	755	606
Due within 1 to 5 years	3,846	4,733
Due after 5 years	13,112	13,287
	17,713	18,626

Section 5

Other disclosures

5.1 Fees to the auditors appointed at the General Meeting

In EUR thousands

	2021	2020
Audit fee	17	18
Other fees	40	45
	57	63

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

	2021	2020
Depreciations and impairment	1,590	896
Exchange rate adjustment	1	2
	1,591	898

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 Subsidiaries owned by Hempel Invest A/S as specified in note 5.7	Related party
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

	2021	2020
<i>Hempel Invest A/S</i>		
Administrative services provided by the Hempel Foundation	-136	-127
Interests	-1,073	-288
<i>Brænderupvænge ApS</i>		
Administrative services provided by the Hempel Foundation	-3	-2
<i>Keldskov ApS</i>		
Administrative services provided by the Hempel Foundation	-3	-2
<i>Hempel's Employee Foundation</i>		
Administrative services provided by the Hempel Foundation	-7	-4
<i>Hempel Cultural Foundation</i>		
Administrative services provided by the Hempel Foundation	-10	-6
Donation from the Hempel Foundation	0	2,486
<i>Hempel's Employee Foundation of 2017</i>		
Administrative services provided by the Hempel Foundation	-5	-1
<i>Hempel A/S</i>		
Administrative services provided by the Hempel Foundation	-20	-34
Administrative services provided by Hempel A/S	15	28
Rent payments	-2,660	-1,844
Interests	0	-67

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

	2021	2020
Costs, beginning of year	4,441	4,423
Exchange adjustment at year-end rate	3	18
Costs, end of year	4,444	4,441
Net revaluations, beginning of year	583,678	586,365
Exchange adjustment at year-end rate	31,153	-32,916
Remeasurements of defined benefit plans	2,685	-2,265
Tax on equity	-3,816	988
Profit before tax	81,618	76,985
Tax for the year	-26,956	-32,173
Dividend received	—	-13,306
Net revaluations, end of year	668,362	583,678
Carrying amount, end of year	672,806	588,119

5.5 Contingent liabilities and other financial obligations

Other contingent liabilities

The Foundation has pledged investments in bonds and shares of EUR 3 million and cash of EUR 1 million as security for credit facilities with banks. Further, as security for loans from credit institutions of EUR 17.7 million, the Foundation has pledged security in land and buildings with a booked value of EUR 41,4 million.

The Hempel Foundation has committed a total investment in other securities of EUR 1.3 million.

As of December 31 2021 the remaining commitment is EUR 0,7 million.

5.6 Events after the reporting period

No events have occurred after the balance sheet date that could significantly affect the financial position of the Hempel Foundation.

5.7 Group overview

Location	Name	Currency	Ownership
Denmark	Hempel A/S	DKK	100%
Argentina	Hempel Argentina S.R.L.	ARS	100%
Australia	Hempel (Australia) Pty. Ltd.	AUD	100%
Australia	Hempel NewCo Pty. Ltd.	AUD	100%
Australia	Hempel (Wattyl) Australia Pty. Ltd.	AUD	100%
Australia	Hempel (Wattyl) New Zealand Ltd.	AUD	100%
Austria	Ostendorf GmbH	EUR	65%
Bahrain	Dahna Paint Middle East Holding B.S.C.	BHD	51%
Bahrain	Hempel Paints (Bahrain) S.P.C.	BHD	51%
Brazil	Hempel Tintas do Brasil Ltda	BRL	100%
Canada	Farrow & Ball Canada Ltd	CAD	100%
Canada	Hempel (Canada) Inc.	CAD	100%
Chile	Pinturas Hempel Chile SpA	CLP	100%
China	Hempel North Asia Holding Co., Ltd	CNY	100%
China	Hempel (Hong Kong) Limited	HKD	100%
China	Hempel (China) Limited	HKD	100%
China	Hempel (Kunshan) Coatings Ltd.	CNY	100%
China	Hempel (Yantai) Coatings Ltd.	CNY	100%
China	Hempel (Guangzhou) Coatings Ltd.	CNY	100%
China	Hempel Coatings (Zhangjiagang) Ltd.	USD	100%
Croatia	Hempel Coatings (Croatia) Ltd.	HRK	100%
Cyprus	Hempel Coatings (Cyprus) Limited	EUR	100%
Czech Republic	Hempel (Czech Republic) s.r.o.	CZK	100%
Denmark	Brifa Maling A/S	DKK	65%
Denmark	Brænderupvænge ApS	DKK	100%
Denmark	Frontier Innovation ApS	DKK	100%
Denmark	Hempel Administration ApS	DKK	100%
Denmark	Hempel Decorative Paints A/S	DKK	100%

Location	Name	Currency	Ownership
Denmark	Hempel Invest A/S	DKK	100%
Denmark	HF (Denmark) A/S	DKK	100%
Denmark	HSA (Danmark) A/S	DKK	100%
Denmark	Keldskov ApS	DKK	100%
Denmark	S E Innovation ApS	DKK	100%
Ecuador	Hempel (Ecuador) S.A.	USD	100%
Egypt	Hempel Coatings Egypt LLC	EGP	100%
Egypt	Hempel Egypt L.L.C.	EGP	100%
Egypt	Hempel Paints Egypt LLC	EGP	99%
Finland	OY Hempel (Finland) AB	EUR	100%
France	Hempel (France) S.A.	EUR	100%
France	BB Participations SAS	EUR	65%
France	BB Fabrications SAS	EUR	65%
France	Bontemps-Bonnarme SAS	EUR	65%
Germany	Farrow & Ball GmbH	EUR	100%
Germany	Hempel (Germany) GmbH	EUR	100%
Germany	Hempel Beteiligungsgesellschaft GmbH	EUR	100%
Germany	J.W. Ostendorf GmbH & Co. KG*	EUR	65%
Germany	Ostendorf-Beteiligungs-GmbH	EUR	65%
Germany	FLT Handel & Service GmbH	EUR	65%
Germany	Brand.IQ GmbH	EUR	65%
Germany	Rottkamp Immobilien GmbH & Co. KG	EUR	65%
Germany	Rottkamp Immobilien Verwaltung GmbH	EUR	65%
Greece	Hempel Coatings (Hellas) S.A.	EUR	100%
India	Hempel Paints (India) Private Limited	INR	100%
Indonesia	P.T. Hempel Indonesia	IDR	100%
Iraq	Hempel (Iraq) Ltd	USD	31%
Ireland	Crown Paints Ireland Limited	EUR	100%

Location	Name	Currency	Ownership
Italy	Hempel (Italy) S.r.l.	EUR	100%
Kenya	Hempel Paints Kenya Company Limited	KES	100%
Korea	Hempel Korea Co. Ltd.	KRW	100%
Kuwait	Hempel Paints (Kuwait) K.S.C.C.	KWD	51%
Malaysia	Hempel (Malaysia) Sdn. Bhd	MYR	100%
Malaysia	Hempel Manufacturing (Malaysia) Sdn. Bhd.	MYR	100%
Mexico	Pinturas Hempel de Mexico S.A. de C.V.	MXN	100%
Morocco	Hempel Maroc SARL	MAD	100%
Norway	Hempel (Norway) AS	NOK	100%
Oman	Hempel (Oman) L.L.C	OMR	25%
Peru	Hempel Pinturas Del Perú S.A.C.	PEN	100%
Poland	Hempel Paints (Poland) S.p. z o.o.	PLN	100%
Portugal	Hempel (Portugal) S.A.	EUR	100%
Qatar	Hempel Paints (Qatar) W.L.L.	QAR	28%
Russia	Joint Stock Company Hempel	RUB	100%
Saudi Arabia	Hempel Paints (Saudi Arabia) W.L.L.	SAR	51%
Saudi Arabia	Painting Materials and Equipment Centre Co. LTD	SAR	26%
Singapore	Hempel (Singapore) Pte. Ltd.	SGD	100%
South Africa	Hempel Paints South Africa (Pty) Ltd.	ZAR	100%
Spain	Pinturas Hempel SAU	EUR	100%
Sweden	Hempel (Sweden) AB	SEK	100%
Switzerland	Hempel Schweiz AG	CHF	100%
Switzerland	J.W. Ostendorf (Schweiz) AG	CHF	65%
Syria	Hempel Paints (Syria) W.L.L.	SYP	43%
Taiwan	Hempel (Taiwan) Co., Ltd.	TWD	100%
Thailand	Hempel (Thailand) Ltd.	THB	100%
The Netherlands	Hempel (The Netherlands) B.V.	EUR	100%
The Netherlands	Hempel Industrial B.V.	EUR	100%

Location	Name	Currency	Ownership
Turkey	Hempel Coatings San. ve Tic. Ltd. Sti.	TRY	100%
UK	Crown Brands Limited	GBP	100%
UK	Crown Paints Limited	GBP	100%
UK	Crown Paints Group Limited	GBP	100%
UK	Crown Paints Holdings Limited	GBP	100%
UK	FB Ammonite Limited	GBP	100%
UK	FB Brassica Limited	GBP	100%
UK	FB Brinjal Limited	GBP	100%
UK	FB Calluna Limited	GBP	100%
UK	Farrow & Ball Holding Ltd	GBP	100%
UK	Farrow & Ball Limited	GBP	100%
UK	Hempel Decorative Paints Limited	GBP	100%
UK	Hempel UK Ltd.	GBP	100%
UK	Reebor Limited	GBP	1%
UK	Ostendorf U.K. Ltd.	GBP	65%
Ukraine	Hempel Ukraine LLC	UAH	100%
United Arab Emirates	Hempel Paints (Abu Dhabi) L.L.C.	AED	24%
United Arab Emirates	Hempel Paints (Emirates) L.L.C.	AED	49%
USA	Farrow & Ball Inc.	USD	100%
USA	Hempel (USA), Inc.	USD	100%
USA	Jones-Blair Company, LLC	USD	100%
Vietnam	Hempel Vietnam Company Limited	VND	100%

J.W. Ostendorf GmbH & Co. KG and Rottkamp Immobilien GmbH & Co. KG are exempt from their obligation to prepare, have audited and disclose annual financial statements and a management report in accordance with the regulations applicable to partnerships pursuant to Section 264b of the German Commercial Code (HGB).

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	=	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$

The Team

Join the story



Hempel Foundation



hempelfoundation



hempelfoundation.com



Ulrik Thougard Jensen
Head of Finance

Anna Sofie Kyvsgaard
Project Coordinator

Rosa Robinson
Senior Project Manager,
Education Partnerships

Anders Holm
Executive Director

Casper Thulstrup
Head of Biodiversity Partnerships, International
Strategic Development & Quality

Christina Fleuron
Project Coordinator

Johanna Wallner
Communication Assistant

David Emmett
Senior Project Manager,
Biodiversity Partnerships

Bettina Klug Raarup
Secretariat Coordinator

Anna Mølgaard Thaysen
Manager, Education Partnerships

Sille Druj
Financial Controller

Søren Bech Gade
Communication Manager

Susanne Nielsen
Accountant (not in photo)

hempelfoundation.com

Hempel Foundation
Amaliegade 8
1256 Copenhagen K
Denmark

Tel: +45 3312 3842
hempel.foundation@hempel.com