



HUMAN
PRACTICE
FOUNDATION

ANNUAL REPORT 2022



Fonden Human Practice Foundation
Brølæggerstræde 2, st. th.
1211 København K
Business Registration No. 36049081

The annual meeting adopted
the annual report on 25 May 2023

Allan Polack
Chairman of the Annual Meeting

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Entity details

Entity

Fonden Human Practice Foundation
Brolæggerstræde 2, st. th
1211 København K

Business Registration No.: 36049081
Registered office: København
Financial year: 01.01.2022 - 31.12.2022

Board of Directors

Allan Polack, formand
Mads Munkholt Ditlevsen, næstformand
Michael Specht Bruun, bestyrelsesmedlem
Pernille Foss, bestyrelsesmedlem
Martin Kring, bestyrelsesmedlem
Jørgen Balle Olesen, bestyrelsesmedlem
Pernille Kruse Madsen, bestyrelsesmedlem

Executive Board

Pernille Kruse Madsen, direktør

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
2300 Copenhagen S

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Fonden Human Practice Foundation for the financial year 01.01.2022 - 31.12.2022.

The annual report is presented in accordance with the Danish Financial Statements Act and bekendtgørelse nr. 1701 af 21. december 2010 om økonomiske og administrative forhold for modtagere af driftstilskud fra Kulturministeriet.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2022 and of the results of its operations for the financial year 01.01.2022 - 31.12.2022.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We also believe that business procedures and internal controls have been established to ensure that the transactions covered by the annual report are in accordance with appropriations granted, laws and other regulations, and with agreements entered into and usual practice, and that due account has been taken of financial considerations in the management of the funds and operations covered by the annual report.

We recommend the annual report for adoption at the Annual Meeting.

Copenhagen, 25.05.2023

Executive Board

Pernille Kruse Madsen
direktør

Board of Directors

Allan Polack
formand

Mads Munkholt Ditlevsen
næstformand

Michael Specht Bruun
bestyrelsesmedlem

Pernille Foss
bestyrelsesmedlem

Martin Kring
bestyrelsesmedlem

Jørgen Balle Olesen
bestyrelsesmedlem

Pernille Kruse Madsen
bestyrelsesmedlem

Independent auditor's report

To the shareholders of Fonden Human Practice Foundation

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Fonden Human Practice Foundation for the financial year 01.01.2022 - 31.12.2022, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act and bekendtgørelse nr. 1701 af 21. december 2010 om økonomiske og administrative forhold for modtagere af driftstilskud fra Kulturministeriet.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2022 and of the results of its operations for the financial year 01.01.2022 - 31.12.2022 in accordance with the Danish Financial Statements Act and bekendtgørelse nr. 1701 af 21. december 2010 om økonomiske og administrative forhold for modtagere af driftstilskud fra Kulturministeriet.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark as well as the standards for public audit, the audit being carried out on the basis of the requirements in bekendtgørelse nr. 1701 af 21. december 2010 om økonomiske og administrative forhold for modtagere af driftstilskud fra Kulturministeriet §§ 15-20. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of this auditor's report. We are independent of the Entity 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.

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 bekendtgørelse nr. 1701 af 21. december 2010 om økonomiske og administrative forhold for modtagere af driftstilskud fra Kulturministeriet, 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 Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity 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, as well as the standards for

public audit, the audit being carried out on the basis of the requirements in bekendtgørelse nr. 1701 af 21. december 2010 om økonomiske og administrative forhold for modtagere af driftstilskud fra Kulturministeriet §§ 15-20, 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, as well as the standards for public audit, the audit being carried out on the basis of the requirements in bekendtgørelse nr. 1701 af 21. december 2010 om økonomiske og administrative forhold for modtagere af driftstilskud fra Kulturministeriet §§ 15-20, 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 Entity'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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, 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.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, 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 the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act and bekendtgørelse nr. 1701 af 21. december 2010 om økonomiske og administrative forhold for modtagere af driftstilskud fra Kulturministeriet.

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act and bekendtgørelse nr. 1701 af 21. december 2010 om økonomiske og administrative forhold for modtagere af driftstilskud fra Kulturministeriet. We did not identify any material misstatement of the management commentary.

Report on other legal and regulatory requirements and other reporting responsibilities

Statement on compliance audit and performance audit

The management is responsible for ensuring that the transactions covered by the financial reporting are in accordance with the laws and other regulations issued and with the agreements and usual practice, and that financial consideration has been made with respect to the requirement of economy when administering the funds and operations covered by the annual accounts. In this context, management is responsible for establishing systems and processes that support economy, productivity and efficiency.

As part of our audit of the annual statement, it is our responsibility to perform a compliance audit and an audit of the economy aspect of selected subject matters in accordance with the public auditing standards. In our compliance audit, we test the selected subject matters to obtain reasonable assurance about whether the examined transactions covered by the financial statements comply with the relevant laws and other regulations, agreements and usual practice. In our audit of the aspect of economy, we make an assessment to obtain reasonable assurance about whether the systems, processes or transactions examined support economy in the administration of the funds and operations covered by the annual statement.

If, based on the procedures performed, we conclude that material critical comments should be made, we are required to report this.

We have no significant critical comments to report in this connection.

Copenhagen, 25.05.2023

Deloitte

Statsautoriseret Revisionspartnerselskab

CVR No. 33963556

Susanne Arnfred Møller

State Authorised Public Accountant

Identification No (MNE) mne24625

Management commentary

Primary activities

The object of the Foundation is to launch, fund and operate humanitarian projects, growth projects and community projects helping needy or poor people in the world.

The Foundation uses a unique model according to which a wholly owned management company, whose costs are entirely covered by a charitable group of men and women, the Founding Partners, takes care of the administration. The model means that donations can be used and managed by the Foundation for the intended charity without any deductions of administrative expenses.

Development in activities and finances

Introduction

2022 was another exciting year for Human Practice Foundation as we increased the number of projects in both Nepal & Kenya and continued developing and expanding our project in Denmark. We have continued our development of measurement and evaluation initiatives and created our second comprehensive HPF Impact Report, available on our website.

All of this is made possible by record high donations both in terms of funds and number of individual donors. In 2022 a total of 28,5 mio. DKK were received during the year. The HPF fundraising chapters in the UK, Switzerland, Sweden and Denmark are now well established and are developing a network of supporters and are fundraising for HPF's projects managed by HPF Denmark. In 2023 we will increase our focus on fundraising from major international foundations.

Together, the HPF Community has reached important milestones - We have now funded 98 school projects, impacting the lives of more than 38,000 children.

In the following we include highlights on our projects and activities in 2022.

Nepal

Our presence in the Taplejung district in Nepal is profound and includes not only schools and education but also health, tea, and coffee projects. The Impact Education Program completes our Child Empowerment Model, where we construct new buildings, install educational facilities, and ensure quality education by training teachers and supporting the students. With this approach we transform some of the most worn-out government schools to quality schools in all aspects.

By the end of 2022, we have projects in 74 schools in Nepal. Through the financial support of the Kavli Trust, we have implemented our Quality Education Program at 33 schools in Nepal, and plan to expand it to an additional 27 schools in Nepal in 2023.

The impact measurements conducted at our schools in Taplejung in Nepal in 2022 show fantastic progress compared to a benchmark of the other public schools in Taplejung. Bhanu Jana Secondary School was ranked as the no. 1 school based on overall performance in Province #1 (out of 5,462 schools) and Himalaya Basic School was ranked the no. 1 school in the same province in terms of management. For details please refer to our impact

report available on our website.

Our coffee impact projects progressed well, creating a source of income for the parents of our students. We facilitated farmers' access to quality seeds and inputs, trained them in best practice agricultural methods and enabled their access to international sales channels. In 2022 we have further expanded the program and the Coffee Entrepreneurship activities.

We see quality education as a key factor for alleviating poverty in marginalized communities. However, the access to proper jobs or tertiary education is also an important factor towards creating a better future. Therefore, we are now trying to create a stronger link between our HPF supported schools and the job market or continued education. We are training the students in social entrepreneurship and connecting that to our coffee farming project in Taplejung, Nepal. Our HPF IT Academy (under construction) will provide the students with an IT education that can give them online IT freelancer jobs. In 2022 the first pilot patches of IT entrepreneurs, were trained at the Bhanu Jana Secondary School facilities. We are also partnering with Taplejung's only college to help provide easier access and improve the quality.

Kenya

Our HPF Kenya implementation team is growing fast, and by the end of 2022 we are 8 employees, and we have 24 school projects in Kenya.

In 2022 we have further developed our partnership with Masai Maara Wildlife Conservancies (MMWCA) on our expansion to the Masai Mara district, and we have in 2022 completed our first school projects there.

We are excited to have gotten a major donation this year from Summa Foundation to start up our Quality Education Program in the Maasai Mara in 2023. We are currently developing the program, which we hope will have a huge impact on the academic level at our partner schools, just like we've seen in Nepal.

In 2022 we have expanded our scholarship programme to include more students, we now have students in 3 grade levels. We are providing 4-year scholarship programs to students, meeting different criteria including performance at the school to ensure that despite economic disadvantages, there is an incentive to study hard to reach secondary school.

Our collaboration and partnership with Syngenta Foundation East Africa (SFEA) is progressing well. SFEA helps smallholder farmers become more professional growers, and links them to markets in profitable ways. Our aim is to introduce good-quality certified potato and bean seeds, as well as more sustainable farming methods at Human Practice partner schools. Together, we have in 2022 based on our experiences from the pilot phase expanded our micro-farming program.

One of the ways to ensure that children stay in school is by implementing a school feeding program which ensures that every child gets at least 1 nutritious meal a day. It has been measured that in schools, where a school feeding program is implemented, children attend more regularly, because the meal they get at the school is often the only one they get during the day. From the beginning of 2021, a school feeding program has been implemented at Shambani Primary School, one of our project schools which is located in a very dry area in Isiolo county. There is positive feedback from the school management, saying that the feeding program has contributed to families staying in the area and not withdrawing their children from school. Throughout the year, HPF has fundraised a total of 80,000 USD for the new school feeding program, which will ensure that 900 children get 1 nutritious meal per day throughout one year.

Climate change poses a continuous challenge to the country, and we have evaluated and discussed with the schools and community members how we can help battle this challenge together. One of the solutions is water. In our micro-farming project in Meru County, there has been more focus on water harvesting and water storage this year. 4 water pans have been excavated at the model farms, and HPF will subsidize dam liners, so each farmer can get a water pan on their own land.

Whenever we construct or renovate a new school building in Kenya, a water harvesting system is included with gutters and water tanks. However, several of the schools are located in dry areas where a borehole is a better long-term solution to ensure stable access to clean drinking water. It has been measured that in schools where there is access to clean drinking water, children attend school more regularly because they are able to carry a bottle and bring water home to their families.

Olotasha Primary School in Kenya is the first HPF supported school with a borehole, and the school has already noticed a positive impact on student attendance and fewer student drop-outs.

In 2023 we are looking forward to once again partner with Rambøll Foundation in Kenya. Together, we will come up with new sustainable water sources which can hopefully be implemented with time at all HPF supported schools in Kenya.

Denmark

HPF has established Project Inner Strength with the aim of strengthening the self-esteem and confidence of students at Danish secondary schools, supporting them in having healthy relationships and thriving mentally. The project has been implemented in the 7th grade at 13 government schools.

In collaboration with Syddansk University (SDU), a baseline study has been conducted in 2022, enabling impact measurements in the future.

In 2023 we are looking forward to expanding the project to an additional 3 schools and to receive an endline report from SDU with impact measurements and results.

We have established a new Advisory Board to ensure that the program is grounded in the most recent and proven theoretical and practical knowledge, and that we can evaluate and re-evaluate the program to the highest standard.

Caused by generous grants, we are rolling out the Inner Strength program to 16 new schools within the next three school years. With these fundings we can develop and launch a learning platform, teaching materials and information leaflets, and thereby attract more schools, teachers, and students to be part of Inner Strengths in the future.

Profit/loss for the year in relation to expected developments

The net result of the year was positive DKK 122 thousand, which was as expected.

Prepayments from donors increased significantly in 2022. This is due to increased activity in general and the timing difference between receiving the donations and the upstart of the projects, where the foundations principle is, that no projects are started until the donation is received. Donations for education programmes also affects the prepayments, as these are typically received for a full years activities, but paid in milestones to the projects.

Outlook

The Foundation expects a positive result of DKK 150 thousand for 2023.

Foreign branches

The Foundation comprise a INGO in Nepal and Kenya to support project work locally. The INGOs are incorporated in the Financial Statements as a branches.

Statutory report on foundation governance

The Management Board of the Foundation

The board members of the foundation are appointed based on their personal characteristics and competences, considering the Board's overall competencies, and taking into account diversity in relation to business and distribution experience, age and gender. The Board of Directors does not receive remuneration.

There is an age limit of 75 years for the board members of the foundation. The members of the Board of Directors are as follows:



Allan Polack, Chairman

Male, 63 years old.

Joined the board on 14 September 2021.

The member is considered independent.

Other management positions: Chairman of the board Home. Earth member of the board of Danske Bank, Simcorp and Valdemar Frænkel og fru moder Emmy Polacks mindelegat.



Mads Ditlevsen, Vice Chairman

Male, 46 years old.

Joined the board on 19 March 2021 for a two-year term.

The member is considered independent.

Other Management Positions: Vice Chairman: Oterra A/S, Banking Circle, Board Member: Huscompagniet A/S, Brancheforeningen Aktive Ejere i DK, 3SHAPE HOLDING A/S, Partner EQT Partners Denmark ApS



Michael Specht Bruun, board member

Male, 42 years old.

Joined the board on 19 September 2018 for a two-year term, re-elected on 29. April 2022 for a two-year term.

The member is considered independent.

Other Management Positions: Board member at Advania, GS Wyvern, LRQA, Norgine, Northvolt.



Pernille Foss, board member

Female, 69 years old.

Joined the board on 10 July 2014, re-elected on 2 May 2017 for a two-year term, re-elected on 14 May 2019 for a two-year term and re-elected on 12 May 2021 for another two-year term.

The member is considered independent.

Other Management Positions: Board Member FOSS A/S, Vice Chairman of the Board of N. FOSS & CO A/S, Board Member Løndal Østerskov A/S and Addithus Skovdistrikt Syd ApS, Board member of HPF Kenya.



Martin Kring, board member

Male, 46 years old.

Joined the board on 19 March 2021 for a two-year term.

The member is considered independent.

Other management positions: Chairman: Relabee ApS, Board member: Legacy ApS, TestaViva DK ApS, TestaLegal ApS, KRING Speedbooting 2022 GP ApS, KRING Management ApS, Board member and CEO at KRING A/S, KRING Group A/S, GREENBLUE A/S & Flextribe ApS, CEO: KRING Speedbooting 2016 ApS, KRING Speedbooting 2019 ApS, M. KRING HOLDING ApS, CASA FRIHEDEN ApS, Aalborg Lufthavn.



Jørgen Balle Olesen

Male, 65 years old.

Joined the board on 14 September 2021 for a two-year term.

The member is considered independent.

Other Management Positions: Board Member TURIS ApS, Bookbites/Publizon and founder of JBO Invest Holding ApS.



Pernille Kruse Madsen, board member

Female, 43 years old.

Joined the Board of Directors at the foundation on 10 July 2014 as a born member.

The member is not considered independent.

Other Management Positions: Board member at Ejendomsselskabet Scandinavia A/S. Director of HPF Driftsselskab ApS.

Good governance for Human Practice Foundation

Recommendations on foundation governance

The foundation is covered by the Recommendations on Foundation Governance, which are available on the website of the Committee on Foundation Governance www.godfondsledelse.dk.

Recommendation:

1. Transparency and communication

No. 1.1 It is recommended that the board of directors adopt principles for external communication that address the need for transparency and stakeholders' needs and possibilities to obtain relevant up-to-date information

about the circumstances of the foundation.

The foundation **complies**

2. Tasks and responsibilities of the board of directors

2.1 Overall tasks and responsibilities

No. 2.1.1 It is recommended that, in order to secure the activities of the commercial foundation in accordance with the purposes and interests of the foundation, the board of directors should, at least once a year, take a position on the overall strategy and distribution policy of the foundation on the basis of the articles of association.

The foundation **complies**

No. 2.1.2 It is recommended that the board of directors regularly address whether the foundation's asset management is in line with the purpose of the foundation and its long- and short-term needs.

The foundation **complies**

2.2 Chairman and vice-chairman of the board of directors

No. 2.2.1 It is recommended that the chairman of the board of directors organise, convene and chair meetings of the board of directors in order to ensure effective board work and to establish the best conditions for the work of the board members, individually and collectively.

The foundation **complies**

No. 2.2.2 It is recommended that if the board of directors, in exceptional cases, asks the chairman of the board of directors to perform special activities for the commercial foundation which extend beyond the duties of chairman, a board resolution to that effect be passed to ensure that the board of directors maintains its independent, general management and control function. Appropriate allocation of responsibilities should be ensured between the chairman, the vice-chairman, the other members of the board of directors and the executive board, if any.

The foundation **complies**

2.3 Composition and organization of the board of directors

No. 2.3.1 It is recommended that the board of directors regularly, and at least every second year, assess and stipulate the competences that the board of directors needs to possess in order to best perform the tasks incumbent upon the board of directors.

The foundation **complies**

No. 2.3.2 It is recommended that, with due respect of any right in the articles of association to make appointments, the board of directors approves a structured, thorough and transparent process for selection and nomination of candidates for the board of directors.

The foundation **complies**

No. 2.3.3 It is recommended that members of the board of directors are appointed on the basis of their personal qualities and competences, taking into account the collective competences of the board, and when composing and nominating new members of the board the need for introducing new talent is weighed against the need for continuity and the need for diversity in relation to commercial and grants experience, age and gender.

The foundation **complies**

No. 2.3.4 It is recommended that in the management commentary in the annual report and on the commercial foundation's website, if any, there is an account of the composition of the board of directors, including its diversity, and that the following information is provided on each board member:

- the name and position of the member,
- the age and gender of the member,
- date of original appointment to the board whether the member has been re-elected, and expiry of the current election period,
- any special competences possessed by the member,
- other managerial positions held by the member, including positions on executive boards, boards of directors and supervisory boards and board committees in Danish and foreign foundations, enterprises and institutions, as well as other demanding organisation tasks,
- whether the member owns shares, options, warrants and similar in the foundation's subsidiaries and/or associated companies,
- whether the member has been appointed by authorities/providers of grants etc., and
- whether the member is considered independent.

The foundation **complies**

No. 2.3.5 It is recommended that the majority of the members of the board of directors of the commercial foundation are not also members of the board of directors or executive board of the foundation's subsidiary(ies), unless it is a fully owned actual holding company.

The foundation **complies**

2.4 Independence

No. 2.4.1 It is recommended that an appropriate proportion of the board of directors be independent. If the board of directors (excluding employee representatives) is composed of

- up to four members, at least one member should be independent,
- between five and eight members, at least two members should be independent, or
- nine to eleven members, at least three members should be independent, and so on.

To be considered independent, this person may not, for example:

- be or within the past three years have been member of the executive board, or senior employee in the foundation, or an essential subsidiary or associated company to the foundation,
- within the past five years have received larger emoluments, including distributions or other benefits from the foundation/group or a subsidiary or associated company to the foundation in other capacity than as member of the board of directors or executive board of the foundation,
- within the past year have had a significant business relationship (e.g. personal or indirectly as partner or

- employee, shareholder, customer, supplier or member of the executive management of companies with corresponding connection) with the foundation/group or a subsidiary or associated company to the foundation,
- be or within the past three years have been employed or partner at the external auditor,
 - have been a member of the board of directors or executive board of the foundation for more than 12 years,
 - be a close relative of, or in some other way be especially close to, persons who are not considered independent,
 - be the founder or a significant donor if the purpose of the foundation is to grant support to this person's family or others who are especially close to this person, or
 - be a member of the management of an organisation, another foundation or similar, which receives or repeatedly within the past five years has received significant donations from the foundation.

The foundation **complies**

2.5 Appointment period

No. 2.5.1 It is recommended that members of the board of directors be appointed for a minimum period of two years and a maximum period of four years.

The foundation **does not comply**.

The foundation explains

For 5 of 7 members, the foundation complies. Pernille Kruse Madsen, who took the initiative to start the foundation, is due to the statutes, born member of the board of directors, and is not on election. Moreover, Pernille Foss has been member of the board since the foundation was established in 2014, ensuring continuity in the management of the foundation.

No. 2.5.2 It is recommended that an age limit for members of the board of directors be set, which is published in the management commentary or on the foundation's website.

The foundation **complies**

2.6 Evaluation of the performance of the board of directors and the executive board

No. 2.6.1 It is recommended that the board of directors establish an evaluation procedure in which the board of directors, the chairman and the contributions and performance of individual members are evaluated annually, and the result is discussed by the board of directors.

The foundation **complies**

No. 2.6.2 It is recommended that once a year the board of directors evaluate the work and performance of the executive board and/or the administrator (where relevant) in accordance with predefined clear criteria.

The foundation **complies**

No. 3.1.1 It is recommended that the members of the board of directors of commercial foundations be remunerated with a fixed remuneration and that members of an executive board, if any, be remunerated with a fixed remuneration, possibly combined with a bonus which should not be dependent upon accounting results. The remuneration should reflect the work and responsibilities consequential to the position.

The foundation **complies**

3. Remuneration of management

No. 3.1.2 It is recommended that the financial statements provide information about the full remuneration received by each member of the board of directors and any executive board from the commercial foundation and from the foundation's subsidiaries and associated companies. Furthermore there should be information on any other remuneration which members of the board of directors and any executive board have received for performing other work or tasks for the foundation, the foundation's subsidiaries or associated companies, except for the remuneration of employee representatives as employees.

The foundation **complies**

Statutory report on distribution policy

The distribution policy of the Foundation has been adopted by the Foundation Board and is included below:

Distribution policy of the Human Practice Foundation

1. Introduction

1.1 This distribution policy has been prepared in accordance with section 77b of the Danish Financial Statements Act.

1.2 The Foundation's articles of association state that:

"The object of the Foundation is to launch, fund and operate humanitarian projects, growth projects and community projects helping needy or poor people in the world, and any related business."

1.3 The Foundation owns an operating company, HPF Driftsselskab ApS, which is responsible for carrying out operational and administrative tasks, as well as project tasks, etc for the Foundation. The administrative expenses of the operating company are financed entirely by a number of resourceful people, the so-called Founding Partners. This means that the Foundation, through the operating company, manages funds donated by others, which go to earmarked purposes in full.

1.4 In some cases, however, the Foundation will have funds available, which the Foundation distributes directly, i.e. dividends from the Foundation's ownership interest in HPF Driftsselskab ApS and other means which Management considers to be distributed.

1.5 The distribution of funds in the Foundation is made in accordance with this distribution policy.

2. Distribution objectives of the Foundation

2.1 The Foundation will allocate funds to projects that fall within its object. More specifically, the Foundation will support:

2.1.1 Humanitarian projects, such as initiatives and investments contributing to better educational aspects, including general access to education, as well as education of a higher quality, and under better conditions than would otherwise be available.

2.1.2 Growth projects, such as entering into partnerships, taking initiatives and making investments concerning local businesses which together can support and develop the production of local products and services, thereby creating growth and jobs.

2.1.3 Community projects, such as initiatives and investments aimed at enhancing the standard of living in areas in need of this.

3. Adoption and distribution of dividends

3.1 The Foundation may allocate the amounts determined by the Foundation Board at the annual general meeting, or other board meetings, within the framework of this distribution policy and the regulation of distribution in accordance with the Danish Act on Commercial Foundations. The amount for distribution must be included in the Foundation's distributable reserves.

3.2 Upon distribution, the Foundation determines the specific purpose, possibly in agreement with the donor. Distributions and recipients of distributions are listed in a register of legatees.

4. Recipients of distributions

4.1 It is important to the Foundation that activities managed by the Foundation contribute to a positive social return in the areas where the activities are performed. Projects covered by the Foundation's work must help to start a good circle, thus relying on a sustainability principle, so that the effect can survive after the projects are completed. This means that projects covered by the Foundation's work must include a requirement for local investment and involvement where this makes sense.

5. Evaluation of distributions

5.1. As part of the Foundation's work, projects will be evaluated on an ongoing basis and effects will be measured to the extent possible.

Income statement for 2022

| | Notes | 2022 DKK | 2021 DKK |
|--|-------|------------------|------------------|
| Revenue | 1 | 8,329,626 | 6,442,801 |
| Other operating income | 2 | 250,375 | 252,374 |
| Other external expenses | | (6,205,855) | (4,954,500) |
| Gross profit/loss | | 2,374,146 | 1,740,675 |
| Staff costs | 3 | (2,353,899) | (1,658,851) |
| Operating profit/loss | | 20,247 | 81,824 |
| Income from investments in group enterprises | | 121,818 | 102,161 |
| Other financial income | 4 | 20,946 | 0 |
| Other financial expenses | 5 | (41,193) | (81,824) |
| Profit/loss for the year | | 121,818 | 102,161 |
| Proposed distribution of profit and loss: | | | |
| Provision for distributions | | 121,818 | 102,161 |
| Proposed distribution of profit and loss | | 121,818 | 102,161 |

Balance sheet at 31.12.2022

Assets

| | Notes | 2022 DKK | 2021 DKK |
|------------------------------------|-------|-------------------|-------------------|
| Investments in group enterprises | | 50,000 | 50,000 |
| Financial assets | 6 | 50,000 | 50,000 |
| Fixed assets | | 50,000 | 50,000 |
| Receivables from group enterprises | | 89,332 | 0 |
| Other receivables | | 18,304 | 474,524 |
| Receivables | | 107,636 | 474,524 |
| Cash | 7 | 25,335,901 | 20,195,678 |
| Current assets | | 25,443,537 | 20,670,202 |
| Assets | | 25,493,537 | 20,720,202 |

Equity and liabilities

| | Notes | 2022 DKK | 2021 DKK |
|---|--------------|---------------------|---------------------|
| Contributed capital | | 300,000 | 300,000 |
| Provision for distributions | | 121,818 | 102,161 |
| Equity | | 421,818 | 402,161 |
| Prepayments received from customers | 8 | 20,906,811 | 14,716,168 |
| Payables to group enterprises | | 0 | 472,584 |
| Other payables | | 303,490 | 265,846 |
| Deferred income | | 3,861,418 | 4,863,443 |
| Current liabilities other than provisions | | 25,071,719 | 20,318,041 |
| Liabilities other than provisions | | 25,071,719 | 20,318,041 |
| Equity and liabilities | | 25,493,537 | 20,720,202 |
| Related parties of commercial foundations | 9 | | |
| Relation to commercial enterprise or another foundation | 10 | | |
| Group relations | 11 | | |
| Donations from foundations | 12 | | |

Statement of changes in equity for 2022

| | Contributed capital DKK | Provision for distributions DKK | Total DKK |
|---------------------------|--|--|----------------------|
| Equity beginning of year | 300,000 | 102,161 | 402,161 |
| Ordinary distributions | 0 | (102,161) | (102,161) |
| Profit/loss for the year | 0 | 121,818 | 121,818 |
| Equity end of year | 300,000 | 121,818 | 421,818 |

Notes

1 Revenue

| | 2022 DKK | 2021 DKK |
|---|------------------|------------------|
| Revenue from Founding Partners | 5.142.657 | 4.251.621 |
| Revenue from projects (Nepal) | 2.279.677 | 1.913.971 |
| Revenue from projects (Kenya) | 907.292 | 277.209 |
| Total revenue | 8.329.626 | 6.442.801 |
| Other income | (250.375) | (252.374) |
| Administration fee to HPF Driftsselskab ApS | 5.331.672 | 4.377.583 |
| Establishment of international HPF Charities | 41.113 | 44.588 |
| Financial income | (20.945) | 0 |
| Financial expenses | 41.192 | 81.824 |
| Danish activities funded by Founding Partner contributions | 5.142.657 | 4.251.621 |
| Other external expenses | 413.810 | 384.941 |
| Staff Cost | 1.865.867 | 1.529.030 |
| Nepal INGO activities funded by project contributions | 2.279.677 | 1.913.971 |
| Other external expenses | 419.260 | 147.388 |
| Staff Cost | 488.032 | 129.821 |
| Kenya INGO activities funded by project contributions | 907.292 | 277.209 |

2 Other operating income

| | 2022 DKK | 2021 DKK |
|--|----------------|----------------|
| Operating grant from the Ministry of Culture Denmark | 250,375 | 252,374 |
| | 250,375 | 252,374 |

The grant from the Ministry of Culture Denmark has been utilised in accordance with the purpose of the Foundation and the terms and conditions set out in the grant confirmation dated 17 November 2022.

3 Staff costs

| | 2022 DKK | 2021 DKK |
|---------------------------------------|-------------|-------------|
| Average number of full-time employees | 50 | 41 |

Staff cost of DKK 2.354 thousand (2021: DKK 1.659) thousand relate to staff cost in the INGO, Nepal, and INGO, Kenya.

The board of directors and executive board have not received any remuneration in 2022.

4 Other financial income

| | 2022 | 2021 |
|---|---------------|-------------|
| | DKK | DKK |
| Financial income from group enterprises | 20,908 | 0 |
| Other interest income | 38 | 0 |
| | 20,946 | 0 |

5 Other financial expenses

| | 2022 | 2021 |
|---|---------------|---------------|
| | DKK | DKK |
| Financial expenses from group enterprises | 8,752 | 55,000 |
| Other interest expenses | 30,216 | 25,460 |
| Other financial expenses | 2,225 | 1,364 |
| | 41,193 | 81,824 |

6 Financial assets

| Investments in subsidiaries | Registered in | Corporate form | Equity interest % | Equity DKK | Profit/loss DKK |
|------------------------------------|----------------------|-----------------------|--------------------------|-------------------|------------------------|
| HPF Driftsselskab ApS | Denmark | ApS | 100.00 | 211,786 | 150,311 |

7 Cash

The item comprises prepayments received regarding projects of DKK 20.906 thousand, which the Foundation cannot dispose of for own purposes.

8 Prepayments received from customers

Prepaid donations include donations, of which 100% of the funds are allocated to a project either directly or through the HPF INGOs. All cost in the HPF INGOs are allocated to projects. These donations are recognised directly in the balance sheet by offsetting payments made to the partner of the individual project or cost in the INGOs.

| | 2022 | 2021 |
|---|-------------------|-------------------|
| Donations received at beginning of the year | 14.716.168 | 10.342.201 |
| Donations received during the year | 20.358.915 | 12.935.583 |
| Donations received at collections* | 2.649.813 | 1.375.834 |
| Foundation distributions granted during the year** | 102.161 | 150.151 |
| Transferred directly to projects partners from Denmark | -2.843.447 | -2.317.835 |
| INGO resources used in project work | -3.186.969 | -2.191.180 |
| INGO funds transferred directly to local projects partners | -10.239.051 | -6.307.138 |
| Currency exchange adjustments and interest on project bank accounts | -650.777 | 728.552 |
| Donations received at the end of the year | 20.906.813 | 14.716.168 |

* 597 DKK thousand of the donations received during the collection have not been used at 31.12.2022.

** In 2022 the foundation distributed 102.161 DKK to HPF Kenya for a project to develop and implement evaluation methodology in Kenya, including both the quantitative and qualitative measurements and the collection of data, enabling us to show the impact of our projects in Kenya.

9 Related parties of commercial foundations

Related party transactions comprise:

- Purchase of services from subsidiary of DKK 5.332 thousand (2021: DKK 4.378 thousand)
- Dividend from subsidiary of DKK 122 thousand (2021: DKK 102 thousand)
- Accrued interest on payable to subsidiary of net DKK 12 thousand (2021: DKK 55 thousand)
- Founding Partner contributions from board members of DKK 678 thousand (2021: DKK 1.468 thousand)
- Payable to group enterprises comprise invoices for administrative services not yet settled
- The subsidiary's remuneration and the Foundation CEO amounted to DKK 742 thousand (2021: 666 thousand)
- Project donations from board members of DKK 869 thousand (2021: 683 thousand)

10 Relation to commercial enterprise or another foundation

The Foundation have established independent fundraising associations in the U.K., Switzerland and Sweden with the sole purpose of raising grants to support the Foundations project activities.

11 Group relations

HPF Driftsselskab ApS and Fonden Human Practice Foundation has collective VAT registration, as they are considered as group connected entities.

12 Donations from foundations

| Donor | 2022 |
|---|------------------|
| Honore's Fond | 1.180.000 |
| Enid Ingemanns fond | 20.000 |
| William Demant fonden | 500.000 |
| Kavli og Knut Kavlis Allmenntigg | 2.028.541 |
| Fonden af 17-12-1981 | 50.000 |
| Salling Fondene | 200.000 |
| Paula og Axel Nissens Legat | 100.000 |
| Arnstedske Familiefond | 50.000 |
| World Diabetes Foundation | 724.877 |
| Phoenix Foundation | 1.389.632 |
| Orients Fond | 200.000 |
| Bechgaards Fond | 10.000 |
| Medarbejdernes honorarfond i Novo gruppen | 50.000 |
| VMOK Børnefond | 30.000 |
| Jubilæumsfonden af 12.8.1973 | 32.500 |
| Ida & J. Rindoms fond | 30.000 |
| Rambøll fonden | 810.000 |
| The Charles Dunstone Trust | 87.145 |
| Goldman Sachs Gives | 526.068 |
| Foundation Philanthopia | 198.100 |
| Frey Charitable Foundation | 37.487 |
| Summa Foundation | 1.115.046 |
| Total | 9.369.395 |

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of a few provisions for reporting class C.

The accounting policies applied to these financial statements are consistent with those applied last year.

Consolidated financial statements

Referring to section 110 of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

When recognising foreign subsidiaries that are integral entities, monetary assets and liabilities are translated using the exchange rates at the balance sheet date. Non-monetary assets and liabilities are translated at the exchange rate at the time of acquisition or the time of any subsequent revaluation or writedown. The items of the income statement are translated at the average rates of the months; however, items deriving from non-monetary assets and liabilities are translated using the historical rates applicable to the relevant non-monetary items.

The Nepal INGO was translated into DKK based on the exchange rate DKK/NPR as at 31 December 2022 of DKK

0,0546 per NPR. (2021: DKK 0,053 per NPR).

The Kenya INGO was translated into DKK based on the exchange rate DKK/KES as at 31 December 2022 of DKK 0,0582 per KES (2021: DKK 0,056 per KES).

Income statement

Revenue

Charities and contributions to the Foundation are recognised in the income statement as received.

Contributions from the Founding Partners are recognised as income statement when a binding commitment is available and are recognised in the income statement when they are utilized.

Contributions from projects utilized in the HPF INGOs are recognised in the income statement.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

Other external expenses

Other external expenses include expenses relating to the administration etc. of the Foundation as well as expenses relating to the administration of the HPF INGOs.

Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff in the HPF INGOs.

Income from investments in group enterprises

Income from investments in group enterprises comprises dividends etc received from the individual group enterprises in the financial year.

Other financial income

Other financial income comprises interest income, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets, and tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities, and tax surcharge under the Danish Tax Prepayment Scheme etc.

Balance sheet

Investments in group enterprises

Investments in group enterprises are measured at cost. Investments are written down to the lower of recoverable amount and carrying amount.

The accounting policies applied to material financial statement items of group enterprises are:

Other investments: Other investments comprising unlisted investments are measured at fair value.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Cash

Cash comprises cash in hand and bank deposits.

Distributions*Distributions approved*

Distributions are regarded as equity movements and are recognised as a liability at the time when the Foundation Board has approved the distribution and the recipient has been informed. Distributions that have been approved, but not paid, are recognised as long-term and short-term liabilities other than provisions, respectively.

Transferred for distribution

In accordance with the Danish Act on Commercial Foundations, a provision is made for distributions allowing the Foundation Board to approve and pay distributions during the financial year. The Board is not obliged to use the provision, but it is written down as distributions are approved. Each year at the Foundation's annual general meeting, the Board evaluates the size of the provision.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Prepayments received from customers

Donations to projects are recognised in the balance sheet as prepayments. Amounts attributable to project work performed by HPF is recognised as revenue in the income statement. Amounts paid directly to project partners are offset against prepayments received.

Deferred income

Deferred income comprises contributions received from the Founding Partners relating to subsequent financial years.