PHILANTHROPY

The foundations fund philanthropic projects VILLUM FONDEN and VELUX FONDEN contribute funding to philanthropic projects, as mandated by our charters. The foundations make grants to research, environmental, social and cultural projects. Grants are made to public, educational and non-governmental organisations.

Income and contributions
The foundations’ income comes partly from ownership of VKR Holding A/S and partly from securities.

Net income (gross income less operational costs) that is not used for philanthropic contributions is tax liable. However, the foundations seek to use all of our net income

TAX LIABILITY

Organisational relationship and taxation
VILLUM FONDEN is a co-owner of the VKR group of companies, known collectively as VKR Holding A/S. The group’s companies pay taxes according to the laws of the country in which they do business, either as incorporated firms or limited liability companies. The foundation is jointly taxed together with VKR Holding, from which it receives an annual dividend. In return, the foundation is obliged to make philanthropic contributions of an amount equal to the dividend received from VKR Holding.

VELUX FONDEN receives a capital injection each year from VILLUM FONDEN. The funds must be used for philanthropic contributions according to the same guidelines that apply to VILLUM FONDEN.

Tax regulations for foundations
Danish foundations are subject to the same tax regulations as corporations and limited liability companies. They are also subject to the Foundation Taxation Act, which requires that foundations pay taxes on their income, but permits deductions for philanthropic contributions and operational costs.

Foundations can protect the value of their endowments by hedging their assets against inflation. Currently, the tax deduction for consolidation of the foundation’s endowment is 4% of its philanthropic contributions.
**ENDOWMENT AND INVESTMENTS**

The foundations’ endowments are made up of a trust set aside by the foundations’ founder, the interest on the trust and extraordinary disbursements paid by VKR Holdings A/S.

The endowments are invested in stock, bonds, property, environmentally responsible initiatives and shares of private-equity investments. Profits earned on the foundations’ investments are used to make philanthropic contributions, pay operational costs and to consolidate the endowments.

**Foreign-investment principles**

A considerable amount of the foundations’ investments are made abroad. Profits on these investments are taxed in Denmark according to Danish tax regulations. These investments are also subject to the tax regulations in the countries where they are made. All profits are taxed locally.

The foundations actively seek to ensure that their partners and the firms in which they invest abide by applicable tax regulations and international guidelines. The foundations make their taxation principles known to investment-service providers prior to an investment being made. If there is a reasonable assumption that an investment would not live up to our principles, the investment is not made.

The foundations expect that their partners and the companies in which the foundations invest act in an ethical and transparent manner. The foundations also expect that partners follow OECD guidelines for avoiding aggressive tax planning.

**PUBLIC REVENUE GENERATED BY FOUNDATION CONTRIBUTIONS**

When grant recipients spend the money they receive in the form of grants from VILLUM FONDEN and VELUX FONDEN, the spending is subject to taxes and fees. This generates considerable income for the Danish State. Each krone distributed in grant money to Danish and foreign recipients generates 44 øre in state revenue, according to PwC. In 2022, this amounted to 485 million kroner.

**VILLUM FONDEN** and **VELUX FONDEN** public-revenue generation in 2022

![Diagram showing revenue generation process](image)