



ANNUAL REPORT

2018



Our profits go to charity

1. TABLE OF CONTENTS

- 1. Table of Contents
- 2. The work of Kavli Trust 2018
 - 2.1 Purpose and tasks of Kavli Trust
 - 2.2 The work of the board
 - 2.3 Administration
 - 2.4 Accountant
- 3. The Kavli Group
- 4. Finance and management
- 5. Charitable work
 - 5.1 Overview
 - 5.2 Kavli Trust allocations to humanitarian work
 - 5.3 Kavli Trust allocations to scientific research
 - 5.4 Kavli Trust allocations to culture
 - 5.5 Projects which received funding from Kavli Trust in 2018
- 6. Future prospects
- 7. Working environment, equality and environmental impact
- 8. The Kavli Group Accounts
- 9. Continued operation

2. THE WORK OF KAVLI TRUST 2018



Culture in Old Oslo (KIGO) offers free cultural activities for children in the district of Old Oslo, and received funding from Kavli Trust for this work in 2018. Photo: Kaja Vardøen/KIGO

2.1 Purpose and tasks of Kavli Trust

O. Kavli and Knut Kavli's Charitable Trust (Kavli Trust) owns Kavli Holding AS (Kavli Group) and it is this ownership that enables the charitable work of Kavli Trust. Part of the profit from the Kavli Group is reinvested in order to strengthen and develop the business, while the rest is spent on charitable causes within the fields of humanitarian work, scientific research and culture. Additionally, a separate financial portfolio is managed that equalises both the non-profit activity and any capital requirements of the Kavli Group.

The Kavli Group was established in 1893. In 1962 Knut Kavli, son of the founder Olav Kavli, transferred ownership of the Group to the Kavli Trust. Profit gained from this ownership finances Kavli Trust's charitable activities. The Kavli Trust allocates these profits to humanitarian, cultural and scientific causes, in line with Olav Kavli's will.

Charitable work is the overall purpose of the Kavli Trust. For this to be possible and in order to develop further, the exercise of ownership and the control of the Trust's financial resources must be safeguarded and managed in a way that creates further value.

Allocations of funds by the Trust have significantly increased over the last years. The Kavli Trust's allocations have in the period 2011 - 2018 increased from NOK 20,6 million (appr EUR 2 million) in 2011 to NOK 131, 2 million (EUR 13 million) in 2018. This is a 60 per cent increase from 2017 and a yearly increase of 30 per cent from 2011.

The strategy is revised yearly, and in November 2018, the Board adopted a new edition of the document "Governance and development of Kavli Trust" as a basis for future work and development of the trust fund. The new strategy prioritises fewer, but larger and more long term projects than previously. Geographically there has also been some amendments. Now, 70 per cent (against 60 per cent previously) of the funding is allocated to projects in Norway, Sweden, Finland and the UK. The other 30 per cent of funding is allocated to projects in Kenya, Ethiopia, South-Africa and Nepal. Kavli Trust continues to fund ongoing projects in other countries, but will not expand the portfolio with new projects in any countries other than those mentioned above.

Kavli Trust is mainly seeking out what projects to fund ourselves, fitting within the parameters of this strategy.

It is our intention that any funding from Kavli Trust will generate a ripple effect. This is why we fund projects which have the capacity for growth and to become, in the long-term, self-financing. Our work with partners is extensive and characterised by close contact and reporting. We are more concerned with the effect of the funding than the allocated figure itself.

In accordance with the objectives of our newly adopted communication strategies and brand positioning strategies, the Kavli Trust has in recent years worked to increase visibility and knowledge of the trust and its' work, the projects we fund, and making our ownership structure known. The unique qualities of the Kavli Group are only apparent when seeing the trust fund and the companies of the Kavli Group in context.

This connection can be summed up in the slogan "Our profits go to charity" - the Kavli Trust logo from 2016. Our logo and slogan, as well as a short text about the trust are centrally placed on Kavli products in all countries. This way we tell the consumers that when they choose a product from one of the companies in the Kavli Group, they simultaneously give to charity.

A planned escalation of the Kavli Trust communication work has resulted in a significant, and documented increase in visibility and knowledge of the trust in recent years.

Another purpose of the communication work of Kavli Trust is to support and contribute to the communication work carried out by our partners. By offering advice, knowledge and, in some instances, resources we continue to fulfil the mandate of Kavli Trust.

Kavli Trust is a different owner and donor, and the Board is satisfied with the inspirational function of the charitable work, and how it has become an important aspect of the business culture in the Kavli Group, where "creating value for good causes" is an important goal.



THE WORK OF THE BOARD

2.2 The Board

The Board of Kavli Trust is required to have in-depth knowledge of the business side of the Kavli Group alongside experience within the culture sector, science or humanitarian work. A minimum of one board member must have expertise in finance or investment.

The board composition of 2018:

Aksel Mjøs	- chair
Solfrid Lind	- trustee
Dag J. Opedal	- trustee
Silvija Seres	- trustee until 31.12.18

During 2018, the Board of Kavli Trust held six minuted board meetings and seven minuted email meetings. The End of Year Financial Report and the Annual Report for 2017 was approved by the Board in the board meeting of 4 May 2018.

The Annual General Meeting for Kavli Holding AS was held on the 18 June 2018.

The Board thanks Silvija Seres for her contribution to the work of Kavli Trust.

2.3 Administration

There are 2.8 full time equivalents (FTEs) in the administration. Inger Elise Iversen is the General Manager. Kavli Trust's address is Sandbrekkeveien 91, Nesttun, Bergen. The head office is in Bergen.

2.4 Accountant

Kavli Trust's accountant is PricewaterhouseCoopers AS, by State Authorized Public Accountant Hallvard Aarø.



3. OWNERSHIP IN THE KAVLI GROUP



*Kavli Trust supports the establishment of Fargespill Oslo (Play of Colours Oslo) and joined the rehearsals for their first performance "We" in May 2018.
Photo: Peder Graham Guttormsen/Fargespill*

The Kavli Group is one of Norway's largest, oldest and most international food producing companies with its own production facilities in Norway, Sweden, Finland and the UK. Income is generated from the sale of foods under the Kavli brand and strong local brands such as St. Helen's Farm, Primula, Druvan, Eriks and Q-meieriene (Q dairies) in the Nordic countries and the UK. The Kavli Group is owned 100 per cent by Kavli Trust through Kavli Holding AS. Additionally, the Kavli Trust trustees Aksel Mjøs and Dag J. Opedal represent the Kavli Trust on the Board of Kavli Holding AS.

Employees of The Kavli Group are proud to work for an organisation that helps others. Every year, all employees in the four different countries nominate and vote for a selection of local projects to receive funding.

Each year the profits are split between the two key strands of the Kavli Group. One to reinvest in the development of the business, and the other to fund the charitable work of the Kavli Trust.

The Board of the Kavli Trust is kept up to date on the Group's activities and performance development through briefings at board meetings and strategy meetings by CEO of the Kavli Group, Erik Volden.

Kavli Holding concern had operating revenues of NOK 3.5 billion (EUR 351 million) in 2018, compared with NOK 3.3 billion in 2017, and an annual after-tax return of NOK 178.0 million, compared with NOK 186.3 million in 2017.

Dividends to be received by the Kavli Trust and recognized as income in 2019 was set at NOK 100 million.

The Board is satisfied with both the financial growth and development of the Kavli Group, as well as the focus by the Board and Management on marketing, organisation and capacity building.

A positive growth trajectory is expected.

4. FINANCE AND MANAGEMENT



General Manager at the Oslo Food Bank, Cristiano Aubert and coworker Ida M. Cowell. The national federation of food banks and several individual food banks received funding from Kavli Trust in 2018. Photo: Hanne Eide Andersen/Kavli Trust

Kavli Trust's income sources are annual dividends from Kavli Holding AS, interest on loans to Kavli Holding AS and returns from their own financial means. As per the Kavli Trust strategy, the aim is to build up a separate capital reserve so that, if necessary, it can provide capital injections to The Kavli Group and ensure that the non-profit activity does not depend on annual dividends from Kavli Holding AS. Furthermore, the investment portfolio contributes to a risk-based balancing of the total assets of Kavli Trust.

The Board attaches considerable importance to a management strategy that limits the risk of investing. The Board has, on advice from Gabler Investment Consulting AS (Gabler), adopted a long term investment strategy for financial assets. In addition, Gabler advises on the choice of management and funds, as well as providing monthly portfolio reports.

Current asset composition as of 31.12.18 corresponds to strategic priorities.

Implementation of the financial strategy has been continuously monitored by the chair of the board Aksel Mjøs and the general manager, with regular reporting and support in board meetings. As the portfolio advisor for Kavli Trust, Gabler has also attended board meetings and made some particular analyses. As of December 2018, a part-time capacity has been engaged to follow up the investments.

The operating expenses of the trust (excluding allocations) were NOK 10.2 million (EUR 1,2 million) in 2018. In 2017 operating expenses were NOK 11.4 million.

As of 31.12.2018, the market value of Kavli Trust's financial portfolio, after loans to Kavli Holding AS were deducted, was NOK 444.0 million (EUR 44,5 million). Last year, by 31.12.17 it was NOK 462.9 million. The return in 2018 was NOK 17 million (1,7 million EUR).

ASSETS CLASSES	PORTFOLIO SHARE (BY %)	The Return in 2018 (by %)		
		PORTFOLIO	BENCHMARK	MORE/LESS RETURN
Funds for investment	6,3			
Norwegian bonds	7,7	1,0	0,5	0,5
Global bonds	13,0	-0,5	0,4	-0,9
Norwegian shares	4,8	-2,6	-2,2	-0,4
Global shares	33,2	-6,5	-5,5	-1,0
Property funds	10,6	7,2	7,2	0,0
Shares, emerging markets	5,0	-16,7	-8,9	-7,8
Hedge fund	19,6	-4,6	3,6	-8,2
Total portfolio	100	-3,7	-0,7	-2,9

The portfolio composition is based on the financial strategy adopted by the Board of Trustees. This is in accordance with an assessment of Kavli Trust's risk capability and willingness, including expected liquidity needs. The portfolio is invested in an array of funds and is monitored monthly through reporting from Gabler.

In addition to the financial portfolio, the trust has a liquidity position of NOK 56.9 million (EUR 5,7 million) as of 31.12.18 in the money market fund Storebrand Likviditet (On 31.12.17: NOK 42.9 million). This amount is kept outside the financial portfolio to be available for dividends and operating expenses throughout the year.

In addition to the financial portfolio, NOK 6 million (EUR 600 000) has been paid into The Voxtra East Africa Agribusiness Growth Fund, an "Impact Investing" fund, as well as equity certificates of NOK 1 million in Cultura Bank.

The Board considers the return on the financial assets in 2018 to be satisfactory, given the market turmoil at the end of the year.

The trust has no obligations beyond those set aside in the financial statements or discussed in this annual report.

Earnings before allocations in the Kavli Trust were NOK 77.4 million for 2018 (EUR 7,7 million EUR), compared to NOK 117.1 million in 2017.

The Board believes that the income statement and the balance sheet with accompanying notes provide satisfactory information on the year's activities and the trust fund's position at year-end.

No circumstances have occurred post the end of the financial year that are of importance for the assessment of the trust fund's position.

5. CHARITABLE WORK



A gathering during a break time from the rehearsals of Fargespill-Oslo's first performance "We" in May 2018. Photo: Hanne Eide Andersen/Kavli Trust

5.1 Overview

The Kavli Trust statutes say:

"O Kavli and Knut Kavli's Charitable Trust (Kavli Trust) is a trust with the object of promoting humanitarian causes, research and culture through the award of grants as determined by the board of trustees of the Kavli Trust."

Kavli Trust is the owner who makes a difference by not only giving a part of the profit, but all of it for good causes. We are here for others!

For over 50 years Kavli Trust has supported humanitarian, cultural and scientific research projects which have had far-reaching benefits. Kavli Trust supports specific projects that demonstrate measurable results.

The majority of the allocations go to projects in the four countries where the companies operate: Norway, Sweden, Finland and the UK. We also fund socially beneficial projects in selected countries in Africa and Asia.

Purpose, geography and topic form the basis of the selection. 60 per cent of the allocations are for humanitarian causes, 30 per cent for scientific research and 10 per cent for cultural activities. As of 2018, 70 per cent of the allocations go to countries where the Kavli Group operates and 30 per cent go to international projects.

Our aim is to create positive ripple effects, not only for individuals, but in local communities and in society at large.

Kavli Trust works with a long term perspective. We wish to build people's capacity to support themselves, and in this way promote the development of sustainable projects. Kavli Trust contributes to giving relevant and high quality education to as many as possible. New technology is important for all development, and if used correctly it can have a global impact, certainly within the sort of educational support we fund today.

We are constantly searching for skilled and responsible partners, who are devoted to ensuring that the funding has the greatest possible impact. Kavli Trust is open to working with other donors or trust funds in order to maximise good results within our core areas. We know that collaboration with others often gives more energy and the best results.

We reach our goals by working in a responsible, long term, skilled and devoted way.

Development of annual allocations by Kavli Trust:



5.2 Kavli Trust's funding of humanitarian work

Kavli Trust funds projects that help people of all ages, regardless of background. The projects, in Norway and other countries, promote inclusion and prevent inequality.

5.3 Kavli Trust's funding of scientific research

Kavli Trust funds projects which can give hope for people with serious illness, like dementia, cancer and ME. We have a specific research programme for mental health in children and young adults, where the fund Extrastiftelsen is the executive partner. Kavli Trust often contributes with funding at an early stage.

5.4 Kavli Trust's funding of culture

Kavli Trust funds cultural activities in order to contribute to unity, inclusion and integration. This is why we fund cultural experiences for children and young people from low income families, elderly and people with disabilities or illness. We also contribute to the promotion of young musical talents.

5.5 Projects that received funding in 2018

All projects funded by Kavli Trust are described on <https://kavlifondet.no/en/>

TOTAL ALLOCATION FOR 2018 (NOK)

ORGANISATION	PURPOSE	COUNTRY	AMOUNT OF FUNDING
Curious Monkey	H	UK	800 000
De Unges Konsert (The Young People's Concert)	K	Norway	1 000 000
Fargespill Oslo (Play of colours)	H	Norway	2 200 000
Farm For The Future	H	Tanzania	4 600 000
FOKUS (Forum for Women and Development)	H	Uganda	4 000 000
Simplified projects Norway	H	Norway	4 060 000
Salvation Army Norway	H	Norway	1 500 000
Salvation Army South-Africa	H	South-Africa	310 000
Salvation Army UK	H	UK	500 000
Guttas Campus (The Boys' Campus)	H	Norway	1 500 000
Gøteborg Stadsmission (Gothenburg Church City Mission Food Bank)	H	Sweden	1 500 000
Haukeland Universitetssykehus (Haukeland University Hospital)	F	Norway	4 720 000
Health and Development International, HDI	H	Niger	5 100 000
Human Practice Foundation	H	Kenya	1 480 000
Karolinska Institutett (Medical University)	F	Sweden	9 004 080
Norwegian Church Aid	H	Etiopia	1 500 000
LEAP Sience and Math School	H	South-Africa	6 000 000
Matsentralen Rogaland (Rogaland Food Bank)	H	Norway	1 100 000
Matsentralen Tromsø (Tromsø Food Bank)	H	Norway	1 200 000
Matsentralen Vestfold og Telemark (Vestfold og Telemark Food bank)	H	Norway	1 800 000
Min stora dag (My Big Day)	H	Sweden	2 200 000
New Writing North	H	UK	2 300 000

ORGANISATION	PURPOSE	COUNTRY	AMOUNT OF FUNDING
Norsahel (Independent Norwegian NGO, sustainability and development)	H	Mali	2 740 000
Norsahel (Independent Norwegian NGO, sustainability and development)	K	Norway	2 000 000
National centre of expertise for children and young people, department North	F	Norway	12 252 000
(RBUP) Regional centre for mental health in children and young people	F	Norway	12 493 000
Sabona (Independent Norwegian NGO, sustainability and education)	H	Zimbabwe	1 500 000
Stiftelsen Hannes Minne (Norwegian memorial fund women exposed to violence)	H	Norway	1 870 000
University of Stockholm	F	Sweden	5 251 000
Seed money 2018	H	Norway	2 500 000
Thrive	H	Kenya	1 200 000
Tore's Foundation (Memorial fund political participation)	H	South-Africa	2 500 000
Ungt Entreprenørskap (Young Entrepreneurship)	H	Norway	7 800 000
University of Uppsala	F	Sweden	8 555 349
Washington Mind	H	UK	1 500 000
Zabai (young digital entrepreneurs)	H	Myanmar	670 000
Total allocation of funds in 2018			131 205 429

Number of allocations in 2018: **37**. Number of countries: **12**.

History of total allocations (NOK)

2011	2012	2013	2014	2015	2016	2017	2018
20 569 419	24 615 000	28 313 000	43 628 000	58 185 000	72 510 000	82 140 000	131 205 429

ALLOCATIONS TO HUMANITARIAN PROJECTS 2018

HUMANIARIAN - ORGANISATION	PURPOSE	COUNTRY	AMOUNT OF FUNDING
Projects nominated by employees 2018	H	Norway	10 000 000
Seed money 2018	H	Norway	2 500 000
Simplified projects Norway 2018	H	Norway	4 060 000
Farm For The Future	H	Tanzania	4 600 000
Matsentralen Rogaland (Rogaland Food Bank)	H	Norway	1 100 000
Tore's Foundation (Memorial fund political participation)	H	South-Africa	2 500 000
LEAP Sience and Math School	H	South-Africa	6 000 000
Salvation Army Norway	H	Norway	1 500 000
Salvation Army South-Africa	H	South-Africa	310 000
Salvation Army UK	H	UK	500 000
Human Practice Foundation	H	Kenya	1 480 000
Zabai	H	Myanmar	670 000
Thriive	H	Kenya	1 200 000
Sabona (Independent Norwegian NGO, sustainability and education)	H	Zimbabwe	1 500 000
Health and Developement International, HDI	H	Niger	5 100 000
Norwegian Church Aid	H	Etiopia	1 500 000
Norsahel (Independent Norwegian NGO, sustainability and development)	H	Mali	2 740 000
Min stora dag (My Big Day)	H	Sweden	2 200 000
Göteborgs Stadsmission (Gothenburg Food bank	H	Sweden	1 500 000
Matsentralen Vestfold og Telemark (Vestfold and Telemark Food bank	H	Norway	1 800 000
Matsentralen Tromsø (Tromsø Food Bank)	H	Norway	1 200 000
Curious Monkey	H	UK	800 000
Washington Mind	H	UK	1 500 000

ALLOCATIONS TO SCIENCE AND CULTURE 2018

HUMANITARIAN – ORGANISATION	PURPOSE	COUNTRY	AMOUNT OF FUNDING
New Writing North	H	UK	2 300 000
Fokus (Forum for Women and Development)	H	Uganda	4 000 000
Ungt Entreprenørskap (Young Entrepreneurship)	H	Norway	7 800 000
Stiftelsen Hannes Minne (Norwegian memorial fund women exposed to violence)	H	Norway	1 870 000
Norway	H	Norway	1 500 000
Total allocation of funds in 2018			70 730 000

SCIENCE – ORGANISATION	PURPOSE	COUNTRY	AMOUNT OF FUNDING
Upsala Universitet (Upsala University)	F	Sweden	8 555 349
Karolinska Institutet (The Karolinska Institute - medical university)	F	Sweden	9 004 080
Haukeland Universitetssjukehus (Haukeland University Hospital)	F	Norway	4 720 000
(RBUP) Regional centre for mental health in children and young people	F	Norway	12 493 000
University of Stockholm (Stockholm University)	F	Sweden	5 251 000
National centre of expertise for children and young people, department North	F	Norway	12 252 000
Total allocation of funds in 2018			52 275 429

CULTURE – ORGANISATION	PURPOSE	COUNTRY	AMOUNT OF FUNDING
Norsk kulturhusnettverk (Norwegian network of cultur- al venues)	K	UK	2 000 000
Fargespill Oslo (Play of colors)	K	Uganda	2 200 000
De Unges Konsert (The Young People's Concert)	K	Norway	1 000 000
Total allocation of funds in 2018			5 200 000

6. FUTURE PROSPECTS



Kavli Trust has for several years supported The Salvation Army's work on social inclusion and prevention of exclusion, as well as supporting disadvantaged members of the community. Their low threshold holidays like hiking in the mountains and other excursions reach children, young people and families who are enduring difficult life situations. Photo: The Salvations Army.

The expected positive growth trajectory for Kavli Group's opens up new opportunities for the Kavli fund. In line with this forecast, the board wishes to continue with allocations at approximately the same level and increasing over time. The total amount of funding for charitable causes may still vary in the years to come, seeing as the allocations are now in the same magnitude as the income.

Together with the CEO of the Kavli Group, the Board of Kavli Trust will continue the development and visibility of the charitable work. The board feels positive about the future development of the Kavli Trust.

7. WORKING ENVIRONMENT, EQUALITY AND ENVIRONMENTAL IMPACT



Somaya and Lilly met and became friends after joining the theatre group Fargespill-Oslo.

The working environment is considered to be good. The Trust has by 31.12.2018 three female employees. The Board emphasises the importance of both genders being represented, and by 31.12.2018 the board consisted of two men and two women.

Kavli Trust has no negative environmental impact apart from regular office operation and business related travel.

8. THE KAVLI GROUP ACCOUNTS



Streetlight School Jeppe Park gives quality education to children from poor neighbourhoods in Johannesburg, South Africa. The school has a perennial funding agreement with Kavli Trust.

Kavli Trust has prepared the consolidated accounts together with an overview of the Trust's business activities, in accordance with the requirements of the Norwegian Accounting Act.

The annual profit for the Kavli Group is NOK 155.4 million (EUR 15,7 million) before distributions to charitable activities, compared to NOK 219.5 million in 2017. The consolidated financial statements for Kavli Holding AS show the economic development of the business sector separately. The consolidated financial statements for Kavli Holding AS were presented to the Board of Trustees of Kavli Trust on April 25, 2019, with a profit after tax of NOK 178.0 million for 2018 (EUR 18 million), compared with NOK 186.3 million in 2017.

For further information, refer to the annual report for Kavli Holding AS.

9. CONTINUED OPERATION



From the premiere of the performance "Vi" (We) by Fargespill-Oslo, in Det Nye Norske Teateret (The New Norwegian Theatre) in May 2018. The performance was supported by Kavli Trust. The trust wants to promote inclusion by giving more children and young people the opportunity to create, take part in and experience culture. Photo: Peder Graham Guttormsen/Fargespill.

The board considers the conditions for continued operation to be fully present.

Bergen, 25 April 2019

Aksel Mjøs
Chair

Solfrid Lind
Trustee

Dag J. Opedal
Trustee

Inger Elise Iversen
General Manager



FeriePULSE (holiday pulse) is the (NMF) Federation of Norwegian Brass Band's low threshold offer for children and young people in the school holidays. In 2018 FeriePULSE events were held in Oslo, Molde and Bergen with the support from Kavlifondet.

Photo: Hanne Eide Andersen/Kavlifondet.

ANNUAL REPORT **2018**

0. Kavli and Knut Kavli's Charitable Trust

Sanbrekkevegen 91, 5225 Nesttun - www.kavlifondet.no



Our profits go to charity