

Annual Report 2021

Stichting Vredesbeweging Pax Nederland



PAX

www.paxforpeace.nl

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Colophon

May 2022

PAX means peace. Together with people in conflict areas and concerned citizens worldwide, PAX works to build just and peaceful societies across the globe. PAX brings together people who have the courage to stand for peace. Everyone who believes in peace can contribute. We believe that all these steps, whether small or large, inevitably lead to the greater sum of peace.

If you have questions, remarks or comments on this report, please send them to info@paxforpeace.nl.

See also www.paxforpeace.nl.

Authors:

Graphic Design: Ondergrond.Agency

Cover image: A Yemeni community entrepreneur who has worked with many local and international organizations, Ola al-Aghbary is the Founder and Executive Director of the Sheba Youth Foundation for Development. An activist since 2011, she focuses on youth and women empowerment to foster positive change within Yemeni communities and society.

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Foreword

Empowering People, Building Peace

It was in Juba, the capital of South Sudan, on a sunny day in November 2021. For me it was a hot day, but for the South Sudanese it was probably a very cool day. A group of around 40 people had gathered near a school. The gathering started with a prayer, as they usually do in South Sudan. Elderly people, younger people, different ethnicities and languages, different religions, men and women were sitting here and drinking tea together. That was also the name of this activity: Taking Tea Together or TTT. The participants watched a film together about peace dialogues. In the 20-minute film we saw people drinking tea together and sharing stories. Stories of violence and war, about being displaced and losing relatives, about trauma and resilience.

After the film, the South Sudanese youth leaders invited a couple of people to come up and speak in front of the group. A young woman showed a scar that covered her entire upper arm and shared how she had been the victim of violence during the conflict. After the speakers addressed the group, people started their own conversations about their personal stories and traumas. People shared and listened. Individual trauma became a joint history. People had come here because they wanted to be part of a peaceful society, they wanted to make amends, overcome differences and accept and be accepted. This is what peace work is all about.

2021 was the first year of PAX's new five-year Strategic Plan: Empowering People, Building Peace. This title is the core of our mission—to facilitate and support our partners and the brave individuals who stand up to make peace possible. This year was also the first year of the new 'Strengthening Civic Courage' Strategic Partnership of PAX, Amnesty International, DefendDefenders and ABAAD with the Dutch Ministry of Foreign Affairs.

Most of last year was spent in lockdown. The global pandemic greatly impacted our partners and the brave individuals who stand up for peace. COVID-19 was often used by repressive regimes as an excuse to tighten their grip on civil society. In many cases the international staff of NGOs and embassies had left the country, and so there were far fewer eyewitnesses or even journalists to report on injustice and repression. While we struggled in the Netherlands with working from home for months, we understood that many people had lost their jobs and livelihoods due to the coronavirus. We were all hit by the pandemic, but we were not hit in the same way. While in the Netherlands we could choose to be vaccinated, access to healthcare or vaccinations was not available to many of PAX's partners.

COVID-19 impacted PAX in several ways. Our partners suffered from repression. It was hard to start new programmes without the opportunity to meet new partners in person. It was hard for partners to execute their planned activities. Also, some of our colleagues and partners fell ill and the pandemic had a negative impact on our ability to engage with new donors.

PAX, our supporters, volunteers and donors and most of all our partners believe that peace is possible. And that drive made it possible to achieve an impact, even in 2021. The peace dialogue in South Sudan was one of many initiatives in 15 countries that PAX supported with the aim of bridging differences and bringing people together. In this annual report you can also read about our successful Peace Week (PAX Vredesweek) in the Netherlands, about justice and accountability as part of a just peace in Colombia and South Sudan and about how PAX was able to raise global awareness of the environmental impact of war and conflict.

Central to these stories are the people who have experienced conflict personally. PAX feels honoured to provide a stage for peace activists, survivors and victims. And time and again, this is what our partners ask of us—to listen to their stories, spread the word and show our support. It is PAX's values of international solidarity and the commitment to human dignity that inspire me every day.

And there is no time limit to our commitment. Sometimes it takes decades before survivors and activists are heard. Like Alma Mustafić, whose father was murdered during the genocide in Srebrenica in 1995. She went to court to hold the Dutch government accountable for the decision to send her father off the compound, into the hands of the Serbian killers. Alma won the case in 2013, after more than ten years of legal proceedings. But still the story of the survivors of the genocide is rarely told. This year Alma took to the stage together with Raymond Braat. Raymond was a Dutchbat soldier and they told a complex history from different perspectives drawing on their own experiences. The play *Dangerous Names* was performed in more than 20 Dutch theatres and preparations are underway for performances in Bosnia and Brussels in May 2022. PAX supported Alma's lawsuit and is also the co-organiser of *Dangerous Names*.

Empowering People, Building Peace—that is the goal of PAX. We show our solidarity so that peace activists can tell their story, so that people can live in peace and dignity and so that we stand united against repression and violence and give peace room.



1. Management Report

1.1 Vision, Core Values, Mission and Strategy

VISION

At PAX we are proud of our more than 70 years of experience that time and time again has confirmed our vision: **peace is possible!** The peace that we want to help achieve is much more than just the absence of war and the maintenance of stability. All too often, insecurity and injustice lead to conflict. Inequality between men and women and the exclusion of minority groups cause violence and oppression. Peace requires the construction of a social order based on justice, characterised by freedom and democracy, and guided by the common good.

CORE VALUES

We have our roots in the strong desire for a peaceful and dignified life, and are inspired by a long Christian tradition that has been shaped by people who both stubbornly believe in peace and work to achieve it. In our peace work, we are guided by human dignity and solidarity as core values. Every person, regardless of their conviction, origins or orientation, has a right to a dignified existence. This right is universal and inviolable. It forms the basis of our approach, which is characterised by equality, and in which it is both possible and essential to join forces in peace and leave no one behind. That also implies solidarity; after all, people are connected to one another and dependent upon each other.

MISSION

PAX was founded by Pax Christi Netherlands and the Interchurch Peace Council (IKV), groups who are inspired by the evangelical call for peace and justice. We work on realising our vision together with members of the public, partners and everyone who desires peace. Together, we are committed to taking real action in a widespread peace mission:

- ◆ Protecting civilians from armed conflict;
- ◆ Ending armed conflict;
- ◆ Contributing to peaceful and just societies.

ADDED VALUE

PAX has added value both as a civil society organisation and as a social movement. This added value enables us to work towards achieving our aspirations with authority and influence, in partnership with other parties:

- ◆ Our knowledge is based on years of experience, presence in conflict zones, and cooperation with partners in our international network.
- ◆ We enhance the power of peace activists and therefore their capacity to articulate their claims and grievances and exert influence.

- ◆ We create strategic connections that make sure the voices of local peace activists and their communities are heard in the political arena.
- ◆ We have social legitimacy, derived from being embedded in Dutch society and from our solidarity with peace activists in conflict zones.

ORGANISATIONAL AMBITIONS FOR 2021-2025

Empowering People, Building Peace—letting forces for peace be heard and increasing their influence—is the main theme in our peace work in the coming years. If we want to put this ambition into practice, PAX will need to play a recognisable leading role that receives support from engaged people. This requires close cooperation with our partner organisations and supporters, and a commitment to strengthening the role of women in the field of peace and security. For this reason, PAX wants to achieve the following as a peace organisation in the coming five years:

- ◆ **PAX has a pioneering role in strengthening forces for peace** within the themes and networks in which we operate. We make a visible and recognisable contribution to the social and political debate, and can mobilise citizens for peace and strengthening the international legal order. This enables us to put issues on the agenda and suggest potential solutions.
- ◆ **PAX plays a leading role in the field of gender, peace and security.** As gender equality is a fundamental prerequisite for lasting peace, PAX applies a recognisable gender approach to peacebuilding, makes a critical contribution to the social debate on gender and conflict, and influences the formulation and practical implementation of policy.
- ◆ **PAX is known to more people** among the Dutch public. People recognise PAX and our commitment to strengthening local peace forces that contribute to peaceful, inclusive societies. PAX is known as a uniting, passionate and expert organisation that exposes the causes of violence in its communications, and highlights the desire for and commitment to peace.
- ◆ **PAX deepens its partnership** with and the authority of its core partners and other partners and promotes the power of this collaboration more effectively in its advocacy and publicity.
- ◆ **PAX has a committed following that is growing in size.** A more extensive support base enhances the power of our peace work. We therefore want to strengthen and expand our support base with people of all ages, backgrounds and beliefs who share and commit to our ideal of a peaceful, inclusive society. We want to help our supporters make a contribution to a peaceful, inclusive society in the Netherlands and elsewhere in the world.



Local herders with sheep on the Raqqa countryside, December 20, 2020.
Photo credit: ©Delil Souleiman.

Protecting civilians from environmental harm

In northeast Syria, the once golden wheat fields have turned black. Like the over 227 kilometres of rivers and creeks, the farmland is polluted by makeshift oil refineries that also produce continuous black smoke. PAX identified at least 20 large landfills in the area that risk leaching toxic substances into the groundwater. On top of that, drought and low water levels threaten people's access to drinking water, irrigation and electricity from hydropower.

After a decade of war, Syria has become an environmental pollution hotspot, as PAX demonstrated in several [alarming reports](#) in 2021. Direct attacks on chemical plants and energy infrastructure, lack of maintenance, failing governance and conflict-related deforestation have caused enormous damage to the environment and people's health. Choked by the thick smoke of oil refineries and unable to produce food on the oil-tarred farmlands or to fish in the polluted rivers and sea, they find that conflict-related pollution can be just as damaging as weapons—only slower and often less visible.

One of PAX's *raison d'être* is the protection of people from armed conflict. In 2010, we decided to broaden the scope of this protection to the harmful effects of the toxic remnants of conflicts. In Iraq, we had witnessed the devastating impact of war on the living environment of citizens and communities. Ever since, PAX has published influential evidence-based reports on that impact, e.g. dealing with depleted uranium in Iraq and toxic health risks in Gaza, and used these reports to advocate for improved responses by decision-makers to the environmental dimension of armed conflict.

Open sources and satellites

But first of all, our careful assessments aim to help citizens avoid health risks and to facilitate clean-up operations. Our 2021 Syrian reports not only included urgent recommendations and calls to the international community for funding, but also served to inform and support affected communities in rebuilding their lives and livelihoods. PAX cooperates closely with local environmentalists and trains them to identify and monitor the damage and advocate for solutions.

To analyse and monitor what actually happens in war-torn areas such as Syria, PAX uses innovative research methods, combining open-source investigative work developed by the Bellingcat collective, high-resolution satellite images, and other remote sensing techniques. We can observe changes on the Earth's surface, fires and disappearing forests, and link these to videos uploaded to social media, for example. As far as possible, we verify our data on the ground, either by travelling to the area or through local partners.

By 2021, PAX and the many NGOs we cooperate with have managed to put the issue of environmental damage from armed conflicts firmly on the international agenda. Humanitarian organisations, researchers, lawmakers and the United Nations (UN) are all moving towards integrating this into their policies and practices. PAX will continue to feed them with up-to-date data and push for all actors to better protect the millions of affected civilians, while respecting their right to a safe, clean and healthy living environment.

THEORY OF CHANGE AND PROGRAMME STRATEGY FOR 2021-2025

Together with our partners, we aim to contribute through our **Inclusive Peacebuilding** programme to the following transformative changes:

- ◆ *Strengthening the peaceful power of civilians*: a resilient civil society is essential for providing civilians with the power and opportunities necessary to contribute actively to a peaceful and inclusive society. Providing greater political space for civilian activism in repressive situations is both the goal and a precondition for a resilient civil society.
- ◆ *Strengthening social cohesion*: a fragmented society is vulnerable to violence, has a greater risk of exclusion and has a weakened basis for collective action. Therefore, it is important to resolve disputes and create bridges between hostile groups and communities and to strengthen unifying forces.
- ◆ *Restoring the social contract between civilians and the authorities*: a society in which the authorities do not allow citizens access to security and justice is not only undesirable, but also vulnerable to violent conflict. Restoring the social contract between a listening, responsive government and civilians is therefore a priority.

The local conflict dynamics and the transformative processes necessary for a peaceful, inclusive society are also influenced by international actors. Together with our partners and networks, we therefore want to reduce the negative factors that increase the risk or intensity of armed conflict, and strengthen the factors that can help end violence and resolve conflicts. We seek to do so through the following programmes.

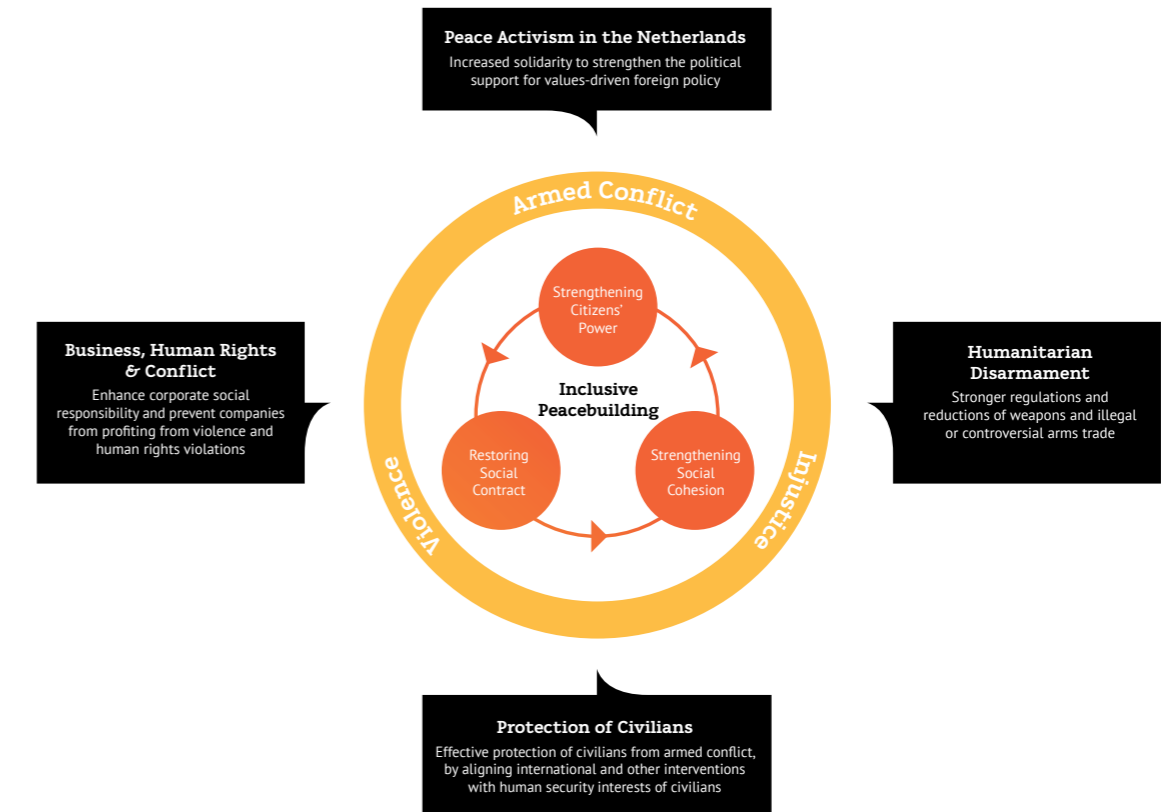
Our **Humanitarian Disarmament** programme aims to prevent or reduce armed conflict and unnecessary civilian suffering by advocating for stronger regulation and reduction of weapons and illegal or controversial arms trading.

Our **Business, Human Rights & Conflict** programme aims to enhance corporate social responsibility and prevent companies from profiting from violence and human rights violations by advocating for stronger regulation of business activities in relation to armed conflicts.

Our **Protection of Civilians** programme aims for effective protection of civilians from armed conflict, by aligning international and other interventions with the local security priorities and human security interests of civilians, enabling communities, governments and international security actors such as the UN, European Union or NATO to better protect civilians from armed conflict and human rights violations.

Our **peace activities in the Netherlands** aim for increased solidarity with peace forces in conflict-affected areas and political support for a value-driven foreign policy that helps end violent conflict and build a just peace.

OUR VISION ON PEACEBUILDING





A group of farmers is returning home from their fields on the Raqqa countryside, December 20, 2020.

Photo: Delil Souleiman.

1.2 Achieving Objectives

INCLUSIVE PEACEBUILDING

Objectives

- ◆ Civilians have lasting access to decision-making on security, justice and remedy to restore the social contract and strengthen social cohesion.
- ◆ Civilians—peace activists, peace movements or communities—build bridges and unite to make their voices heard, build resilience and influence decision-making at the local, national or international level.

Interventions

- ◆ Capacity development
- ◆ Facilitating dialogue
- ◆ Monitoring and research
- ◆ Advocacy

PAX priority issues

- ◆ Nonviolent activism
- ◆ Female and youth leadership

2021

Within this theme, PAX and its partners implement projects in Colombia, South Sudan, the Democratic Republic of Congo, the Sahel region, Lebanon, the Palestinian Territories, Syria, Iraq, the Western Balkans and Ukraine. Due to financial constraints, PAX's presence and support to partners in Ukraine and the Balkans in particular did not meet the ambitions anticipated in the 2021 annual plan.

The projects are necessarily context specific. Nevertheless, there are some commonalities. Virtually all of them focus on the root causes of conflict, strive for optimal use of civic space and enlarged agency of civilians in their relations with duty-bearers, and aspire to inclusiveness. Inclusiveness refers to participation by women and young people and—depending on the specific situation—may also refer to equal participation of ethnic or religious minorities, different socio-economic groups in society et cetera.

Up to 2025, Inclusive Peacebuilding will be a major theme in the newly started programme 'Strengthening Civil Courage' in alliance with Amnesty International NL, DefendDefenders (Uganda) and ABAAD (Lebanon) and in partnership with the Dutch Ministry of Foreign Affairs.



Building bridges in Colombia

No peace without justice. These simple words are at the core of PAX's decades-long work in Colombia. We know that getting justice and truth for the millions of victims of the devastating armed conflict is a prerequisite for achieving lasting peace. Yet we have also learned that the lengthy, complicated transitional justice mechanisms are often inaccessible to the impacted communities. Many are too traumatised, do not trust state institutions or live in remote areas that are outside the reach of the Colombian Peace Tribunal and the Truth Commission.

In 2021, PAX and its affiliate organisation PAX Colombia demonstrated the huge value of trust and the ability to build bridges between local, national and international actors in the Colombian peace process. While we cooperate closely with the official institutions, we are also highly trusted by conflict-affected communities, with whom we have been working for many years. Our teams, which include local lawyers, psychologists and community leaders, assist the victims in myriad ways to let them participate in Colombia's transitional processes effectively and with dignity.

Documenting atrocities

In 2021, women's victim organisations in Cesar who have worked with PAX for years documenting cases of sexual violence handed over the results of their hard work to the Peace Tribunal. PAX also helped the Asamblea Campesina, which represents a large number of displaced farmers, to present a report demonstrating how their communities were destroyed. We used the power of our international network to pressurise multinational coal-mining companies like Drummond into taking responsibility for their role in the land grabs and related massacres in Cesar. In November 2021, PAX facilitated a European tour for

victims of 'blood coal', calling on energy companies and investors to urge mining companies to enter into a dialogue with them about truth and reparations.

In Meta, mothers and grandmothers of child soldiers have never stopped searching for their children who were forcibly recruited by the FARC. In 2021, our team guided 38 families through the Peace Tribunal hearings that followed from a report that PAX helped them to submit about their loved ones who had disappeared. PAX's lawyers took on the legal representation, while our psychologists helped the families prepare for the confrontation with the perpetrators. One of the encouraging effects of this whole process is that the families we brought together from different villages, backgrounds and ethnicities have decided to continue working together.

"We need dialogue"

In 2021, PAX commissioned the production of a documentary about the peace process in Jambaló. This indigenous community faces a huge number of closely interlinked problems, which PAX is working on with them. Like the rest of Cauca Department, Jambaló suffered terribly during the armed conflict, which had a devastating impact on its indigenous culture. Today, hundreds of young people from Jambaló are being recruited by dissident guerrillas who are currently involved in producing and trading drugs. Poverty, the scarcity of land and an overall feeling of despair drive Jambaló's youth into the arms of these criminal remnants of the armed conflict. PAX wants the documentary to raise awareness about precisely these root causes of conflict. In the words of a villager: "What we need is dialogue. As a country and as a community."



PROTECTION OF CIVILIANS

Objectives

- ◆ National and international security actors improve the effectiveness of their protection interventions by centring policies and practices on civilians' protection needs and priorities.
- ◆ Civilians—communities, peace activists and their organisations—effectively influence norms and policies and hold security actors accountable for them.

Interventions

- ◆ Monitoring and research
- ◆ Knowledge development
- ◆ Facilitating dialogue
- ◆ Advice and training
- ◆ Influencing policies

PAX priority issues

- ◆ Human Security Survey
- ◆ Connecting intervention levels

2021

The PAX Protection of Civilians (PoC) programme assumes that international missions in conflict-affected areas will respond better to civilians' security needs if decisions and practices are fed by the experiences and knowledge of inhabitants in that region.

In cooperation with partners in Iraq and South Sudan, the programme team produces such knowledge by conducting Human Security Surveys. The results have fed dialogue between communities and security actors in both countries. PAX specialists advocate putting civilians' perspectives front and centre in protection policies developed with international organisations like the United Nations and NATO. In addition, they help train staff in these organisations and the troops sent by contributing countries.

The 2021 PAX Protection of Civilians conference—an annual event bringing together academics, militaries, policy-makers and practitioners—focused on three themes: international support for local security actors; accountability for military missions; and PoC champions in the future of warfare.



Firemen working amid the smoke caused by oil fires in Qayyarah Iraq in 2017

Unearthing the complete story of civilian harm

In 2018, the Saudi-led coalition fighting Houthi rebels in Yemen laid siege to the city of Hodeidah. Markets, hospitals, schools, water facilities and electricity infrastructure were bombed and the coalition blocked the city's port. Many civilians died in the airstrikes; many more were injured or fled Hodeidah. Yet the impact on people's lives was far bigger: public services and food supplies came to a standstill, a cholera epidemic broke out, families lost breadwinners and livelihoods, and children grew up handicapped, traumatised and without education.

'Hodeidah Under Fire' is one of the 13 carefully researched cases in PAX's book *On Civilian Harm (2021)* that illustrate the immense impact on people's lives after the guns fall silent and the dead are buried. These are stories that help us redefine the concept of 'civilian harm' beyond the immediate effects of violent conflicts, such as the number of casualties. What happens to the survivors, the witnesses of atrocities, the severely injured and the displaced families? How do communities cope with the disintegration and destruction resulting from an armed conflict?

Improving protection



On Civilian Harm tells us what happens if we do look at the whole story. It shows why it is important to know more about the victims, but also about the perpetrators: their level of organisation, strategies and choice of arms, and who facilitates them. It demonstrates what difference it would make if professionals in e.g. peacekeeping missions or providing humanitarian assistance were to incorporate the long-term impact and the domino

effect of conflict-related problems into their strategic responses to armed conflicts. And, most importantly, it shows how this would improve the protection of civilians.

PAX is already using all these new insights in its training programmes for security actors such as the Dutch and German NATO troops, as well as in its national and international advocacy for the better protection of civilians. And duty-bearers are listening. Although not all insights are easy for officials and officers to hear, most of them acknowledge that the book is an eye-opener that increases their understanding of the long-term impact of armed conflicts. Moreover, it helps them understand their own roles and responsibilities—both during and after the conflict.

It is encouraging that *On Civilian Harm* has been embraced by several universities as a gap-filling publication. Both in the Netherlands and in the United States, the book is now part of the curriculum of students who are the policy-makers and implementers of tomorrow. PAX will continue to urge both current and future leaders to be aware of the full extent of civilian harm—and use this knowledge to better protect the millions who have the bad luck of living in conflict-affected areas.



The 2021 PAX Protection of Civilians conference—an annual event bringing together academics, militaries, policy-makers and practitioners
Photo credit: ©Lize Kraan



BUSINESS, CONFLICT & HUMAN RIGHTS

Objectives

- ◆ Businesses and financial institutions account for their adverse impacts on human rights in conflict-affected areas, and contribute to effective remedies for victims.
- ◆ Implementation of international standards and norms that prevent business involvement in severe human rights abuses.

Interventions

- ◆ Monitoring and research
- ◆ Knowledge development
- ◆ Facilitating dialogue
- ◆ Advice and training
- ◆ Influencing policies

PAX priority issues

- ◆ Support victim communities in utilising judicial and non-judicial mechanisms and processes to claim their rights.

2021

In cooperation with victims' groups in Colombia and South Sudan, PAX is implementing long-term projects that focus on holding oil and mining companies accountable for the social consequences of their behaviour in conflict-affected areas in both countries.

PAX is an active member of the Agreements on Responsible Business Conduct, which were made with the Dutch insurance and pension sectors. At the international level, PAX is a member of the Voluntary Principles Initiative on Security and Human Rights. Along with other NGOs, PAX contributed to enhanced guidance on due diligence for institutional investments, with special attention for the production and use of controversial weapons and compliance with regulations on arms trade.



Survivor Nyakuma Thompson, Leer, Unity State was 17 when she got the news that her village was going to be attacked by militia. "Women and children were running, some of them were being shot. I saw my people dying, children and women I was helpless ... I couldn't do anything."

Lundin trial: PAX supports victims of corporate war crimes

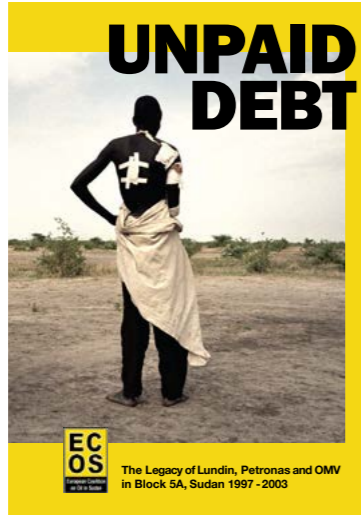
Thanks to brave South Sudanese partners, persistent PAX staff and outstanding Swedish prosecutors, 11 November 2021 will be remembered as a milestone in international justice and peacebuilding. On that day, two executives of Lundin Energy were formally charged with complicity in grave war crimes in Sudan between 1999 and 2003. In addition, the prosecution authority aims to seize €300 million of the company's criminally obtained profits.

The Swedish prosecutors presented evidence that the chairman and main shareholder Ian H. Lundin and former CEO Alex Schneider asked the Sudanese military to secure Lundin's operations in South Sudan. The suspects knew that this would lead to violent attacks on civilians, sexual violence, burned villages, stolen cattle and massive forced displacement. As a result of these crimes, 12,000 people died and 160,000 were forced to leave their homes.

The impact of the Lundin trial can hardly be underestimated: it could redefine legal standards and encourage other prosecutors to take up similar cases. Not since the Nuremberg trials have corporate executives been personally indicted for such grave crimes. Also, in South Sudan itself nobody has yet been brought to justice for the atrocities committed against its people, while victims have been denied their right to redress. The Lundin trial will let them be recognised and heard.

Unpaid Debt triggers investigation

The journey towards justice started two decades ago, when PAX and other NGOs received a request for support from Sudanese partners and churches. In response, over 50 organisations started cooperating in the European Committee on Oil in Sudan. Yet when the oil war ended



in 2003, priorities shifted and only a handful of organisations continued the fight for justice. Together with South Sudanese partners and churches, PAX took the lead from then on in the long haul of obtaining justice for the victims.

PAX made the crucial decision to not only launch a public campaign, but also make the case for a criminal investigation. In 2010, PAX published the ground-breaking report Unpaid Debt, which triggered the Swedish investigation. Ever since, PAX has been helping survivors of war crimes to defend their rights and to seek redress from the companies that benefitted from their suffering.

Unfortunately, the Swedish court cannot force Lundin to compensate the people they harmed. Even worse, in December 2021 Lundin decided to sell out to Norwegian AkerBP, safeguarding its shareholders' interests. Stripped of its valuable assets, Lundin Energy can no longer compensate South Sudanese communities for the massive damage done to them. In response, PAX again joined forces with some 30 NGOs. We will not let the victims and their organisations down; they have put their trust in us, and we will continue to work until justice is done.



Wounded man near Rier, May 2002.
Photo credit: ©Sven Torfinn



NUCLEAR
WEAPONS
NOW
ILLEGAL
22 JAN 2021

On January 22nd 2021 the UN Treaty on the Prohibition of Nuclear Weapons entered into force. All around the world, ICAN campaigners organised events to mark this historic day. Photo credit: © ICAN, Seth Sheldon

HUMANITARIAN DISARMAMENT

Objectives

- ◆ Stronger norms and regulations on the use of and trade in controversial weapons.
- ◆ Power-holders adhere to those international rules and are held accountable if they do not.
- ◆ Victims get compensation for the human suffering and environmental damage resulting from such violations.

Interventions

- ◆ Monitoring and research
- ◆ Advocacy and campaigns

PAX priority issues

- ◆ Build international coalitions to amplify civilian voices in public and political debates.
- ◆ Research the role of financial institutions in arms production and trade, and engage with those financial institutions.

2021

In January, the Treaty on the Prohibition of Nuclear Weapons entered into force. PAX and its allies are using the official ban for continued advocacy for the abolition and divestments by political and financial actors.

Other major topics that are the subject of monitoring, research and advocacy are the use of explosive weapons in populated areas, the use of military drones and the development of autonomous weapons ('killer robots').

Monitoring and research concern not only the production and use of these weapons, but also increasingly the investments in them. Findings are used in direct engagement with financial institutions and in mobilising consumers, e.g. through the Fair Finance Guide. The Guide informs the general public about how banks, insurance companies and pension funds are performing with regard to human rights, and social and environmental issues. PAX contributes through its research on investments in the arms trade and production.



Do we want robots killing humans?

"Robots are slowly taking over the role of humans in warfare." PAX issued this warning in a short video back in 2014, when most people were still unaware of the increasing autonomous decision-making power of weapon systems to kill people. We emphasised the serious concerns raised by the use of these killer robots regarding how the laws of war apply, who is responsible for violations, the erosion of ethical norms and the effects on peace and security. Support for PAX's call for a treaty had greatly increased by 2021 thanks to many years of advocacy and public campaigning, including as a co-founder of the global [Campaign to Stop Killer Robots](#) comprising 180 NGOs.

In warfare what has been termed a 'third revolution' is taking place: a growing number of countries are developing weapon systems that can select and attack targets without direct human control. PAX believes that decisions about the use of violence, especially when targeting humans, should never be delegated to a machine or an algorithm. Killer robots are both ethically unacceptable and a clear and present danger to all parties in an armed conflict, above all to civilians. How does a machine know the difference between a fighter and a civilian, or between an adult and a child? That is why PAX calls for a treaty that prohibits fully autonomous weapons and ensures meaningful human control over autonomous weapons: the human operator should be able to control the effects of an attack.

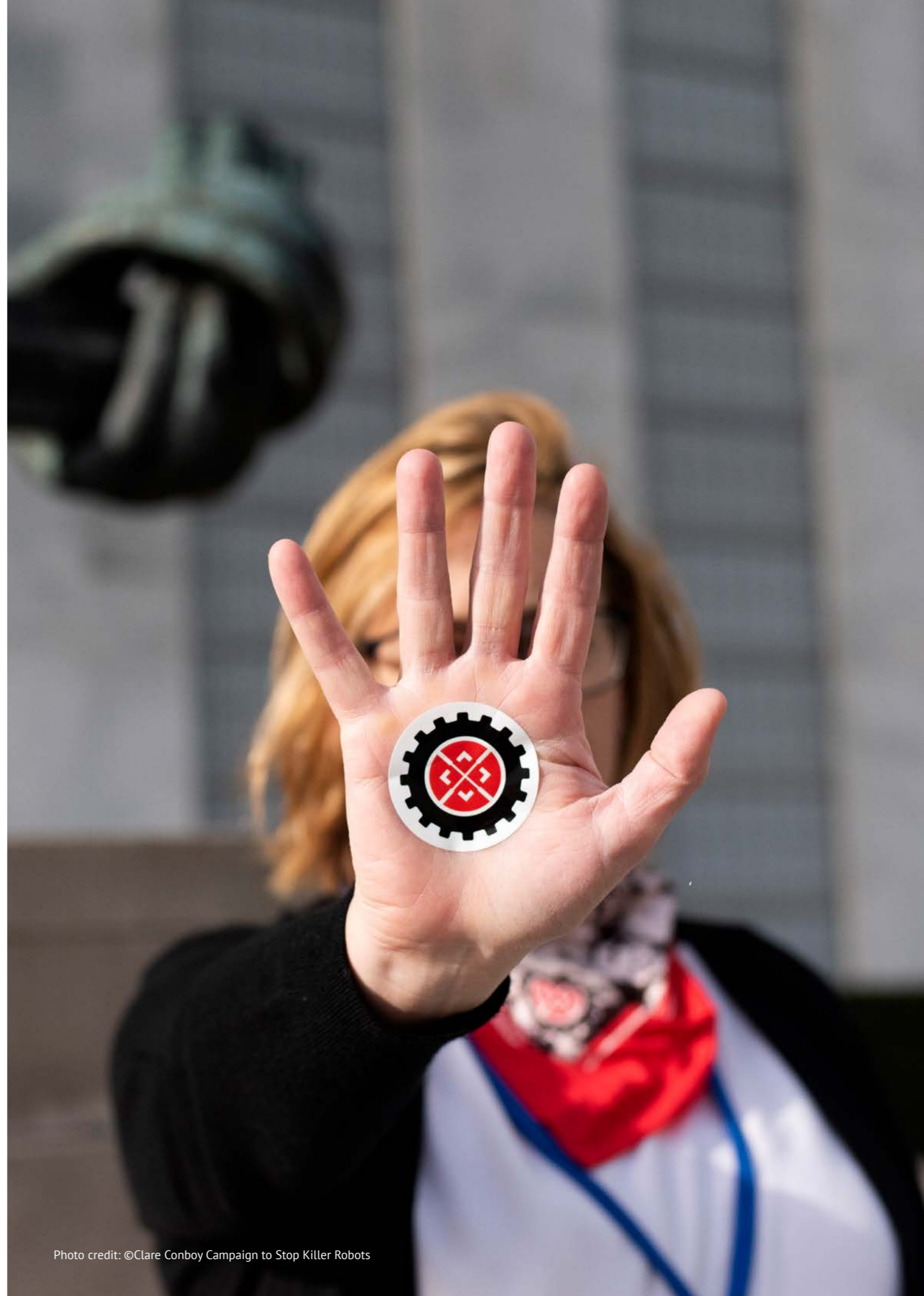
Broad support for a treaty

PAX has been active in the field of killer robots since 2011, and has developed into a go-to authority. In 2021, we used that position to push for a treaty on autonomous weapons in the run-up to the December conference of the Convention on Certain Conventional Weapons. In the Netherlands, PAX featured as an expert for two influential governmental

advisory councils, discussed its concerns with the Foreign Affairs and Defence ministries, called for scientists and tech companies to help prevent the development of killer robots, and advocated among members of parliament for a treaty. This led to an initiative policy document calling for a treaty on fully autonomous weapons, and similar recommendations by the two advisory councils.

At the European level, PAX coordinated all the NGOs working on a treaty. We provided input on autonomous weapons to the Council of Europe, addressed the Belgian parliament and worked on an open letter with German scientists. To inform the debate, PAX also published a research report on the increasing autonomy in weapon systems.

Unfortunately, the conference of the Convention on Certain Conventional Weapons failed to agree to even negotiate on killer robots; a few highly militarised states were able to block progress due to the consensus rule. Yet given the broad support for a treaty among member states, there is another way to stop these weapons: a new treaty similar to those that prohibit cluster munition and landmines. PAX urges the Dutch government to join forces with like-minded nations and actively push for an international treaty that guarantees meaningful human control over the use of violence.



PEACE ACTIVISM IN THE NETHERLANDS

Objectives

- ◆ People in the Netherlands find ways to express their solidarity with people in conflict-affected areas and to improve resilience in the face of polarisation and exclusion in Dutch society.
- ◆ Political and economic duty-bearers act upon the desire for peace expressed by the Dutch public.

Interventions

- ◆ Amplifying local expressions of the desire for peace
- ◆ Campaigns and advocacy
- ◆ Contributing to the public and political debate

2021

PAX is firmly rooted in the history of the Dutch peace movement that arose after the Second World War. Over the years, however, the active constituency has decreased in size. That is why the 2021-2025 Strategic Frame expresses a clear aspiration to expand and broaden PAX's support base and to involve them in peace activities, abroad and in the Netherlands, in response to their desire for peace. In 2021, PAX's opportunities to live up to that aspiration were limited, mainly due to financial constraints and to the need to prepare for this task. The first organisational steps were taken in 2021 and they will be followed up in 2022.

Fortunately, we were able to organise the yearly Peace Week, with a mix of 'live' and online activities around its central theme of Inclusion. Peace Embassies and other local groups, many of them related to PAX's ecclesiastical constituency, organised their own activities and brought together people from different cultural, religious and ethnic backgrounds.

The international programmes also spill over into activities in the Netherlands. PAX staff produced podcasts, webinars and online debates accessible to the Dutch public around themes such as 'Tomorrow's war', the situation in Israel/Palestine and the Dutch role in the arms trade. In 'PAX Talks', activists from all over the world talk about how they work on inclusiveness, and what drives them and keeps them going.

PAX contributed to the public and political debate through interviews and op-eds in the media on subjects varying from working on peace in South Sudan to the arms trade and killer robots. Policy-makers and politicians were contacted as well, e.g. with ten unsolicited recommendations for the new government.



Celebrating inclusivity: Peace Week 2021

In September 2021, PAX again organised its main annual event in the Netherlands: the **Peace Week**. Given its long tradition (it has been going since 1967), one might expect the Peace Week to be a bit old-fashioned and rusty, yet the opposite is true. TivoliVredenburg, the contemporary music complex in the city of Utrecht where PAX Power to the People took place, was filled with young people. Over the course of several days, they enjoyed a wide variety of activities around one theme: inclusivity.

PAX believes that, especially in times of increasing polarisation, it's important to stress that peace is—and has to be—inclusive. Peace rules no one out, and peace can only be achieved if justice is served for everyone. In TivoliVredenburg, young people listened to and participated in debates about limiting the impact of climate change, strategies to stop violence against women, polarisation and reconciliation. By having national and international guests such as Chaja Merk (Extinction Rebellion), Rosa Qaidi (an activist for Yazidi women), the writer Abdelkader Benali and the Palestinian peace activist Jack Munayer share their perspectives on peace and inclusivity, PAX made sure that the events would be lively, passionate and inspiring.

A wealth of local activities

Although PAX is thrilled with the increasing youth participation, we also realise that a lot of Peace Week activities are driven by the many dedicated and enthusiastic people who have been part of PAX for a long time. We cherish and greatly value them, for they are the backbone of our organisation. During the 2021 Peace Week, no fewer than 75 local Peace Embassies organised hundreds of activities across the country, including photo exhibitions, a Walk of Peace, shared dinners and debates with local politicians.



In addition to PAX Power to the People and the wealth of Peace Embassy activities, many churches held peace services on both Sundays during the Peace Week. And let's not forget the Peace Lecture that we traditionally organise in the Dom Church, the impressive cathedral in the centre of Utrecht. This year, Utrecht's mayor Sharon Dijksma, spoken word artist Zaïre Krieger and Marieke Sillevs Smitt, a pastor serving undocumented migrants, shared their thoughts and insights about inclusive societies.

Organising the Peace Week during a pandemic was certainly challenging, but the Peace Embassies made it work. Nevertheless, in less uncertain times they would probably have organised more and different activities, reaching more people. For its central programme, PAX strategically chose the Utrecht venue because of its experience with organising hybrid online-offline events and its popularity among Dutch youth. All events were livestreamed, making the total number of people reached directly some 1,300. As the recording is still available on YouTube, this number might be considerably higher. Even so, PAX looks forward to organising a 2022 Peace Week in which people of all backgrounds can meet, share and discuss peace face to face again.



PARTNERS, COALITIONS AND ALLIANCES

PAX would not be able to achieve its results without cooperating with others: civil society organisations in the programme countries, like-minded organisations in international coalitions and programme-specific alliances. The network of in-country partners consists of local NGOs, community-based organisations, informal groups and individual activists. PAX and its partners cooperate on the ground by implementing projects and programmes. In addition, many local partners receive financial assistance (63 in 2021) as well as support aimed at developing their capacities. Capacity development is increasingly becoming reciprocal, meaning that PAX and its partners are learning together and from each other. For an example, see the story below about the Joint Learning Pilot on nonviolent activism.

Particularly in the Humanitarian Disarmament programme, working in international coalitions is a central feature of PAX's strategy. Examples are the International Network on Explosive Weapons, the Campaign to Stop Killer Robots, the International Campaign to Abolish Nuclear Weapons (ICAN), the Toxic Remnants of War Network and Fair Finance International. The coalitions enhance effectiveness by pooling expertise, dividing the workload, uniting constituencies, enabling joint advocacy and allowing us to learn from one another. Most of the coalitions are long-lasting partnerships around long-term strategic objectives, which are achieved step by step. In January 2021, after 15 years of campaigning, ICAN was able to celebrate the entry into force of the Treaty on the Prohibition of Nuclear Weapons.

Programme-specific alliances develop a programme together, acquire financial support for it and join forces in its implementation. A major binding factor in these consortia is the added value that each of the members brings in realising the programme's objectives. An example, ongoing in 2021, is the Musawat programme on the Freedom of Religion and Belief, in which PAX joins forces with the Peace and Freedom Organisation (PFO, Iraq), the Palestinian Center for Peace and Democracy (PCPD) and ALEF-Act for Human Rights (Lebanon). In 2021, three consortia started implementing new programmes: 'Strengthening Civil Courage' (led by PAX), 'Al-Thawra Untha' (led by PAX) and 'Leaders of Peace' (led by PLAN International Netherlands). All three are financed by the Ministry of Foreign Affairs within its Strengthening Civil Society policy framework.

Strengthening Civil Courage

The five-year 'Strengthening Civil Courage' programme helps citizens in 14 countries in Africa and the Middle East to peacefully pursue their rights. It focuses on defending and increasing civic space, transforming conflicts, protecting human rights, pursuing gender equality and mitigating stress factors like the arms trade and the environmental impact of conflicts.

The rationale of the 'Strengthening Civil Courage' Alliance is based on the conviction that the protection of human rights and the transformation of conflicts are closely interlinked, and that human rights organisations and peace organisations need to work together. Equally, the Alliance is convinced that inclusive and

STRENGTHENING CIVIL COURAGE

- ◆ Consortium: ABAAD-Resource Centre for Gender Equality, Amnesty International Netherlands, DefendDefenders and PAX
- ◆ Reach: Burundi, Democratic Republic of Congo, Ethiopia, Iraq, Kenya, Lebanon, Palestine, Sahel Region, South Sudan, Syria, Yemen; advocacy at the international level
- ◆ Period: 2021-2025
- ◆ Five-year budget: €57 million

sustainable peace is not possible without the participation of marginalised groups or without addressing their needs. Therefore, PAX is happy to implement this programme in partnership with ABAAD-Resource Centre for Gender Equality, Amnesty International Netherlands and DefendDefenders. ABAAD (based in Lebanon) brings specialised expertise and experience with promoting gender equality in the Middle East and North Africa. Amnesty International and DefendDefenders (based in Uganda) make a vital contribution through their expertise in human rights, experience in providing training and other capacity development interventions, experience in promoting the safety, security and well-being of human rights defenders, and a broad network of human rights organisations and activists in the programme countries.

At least two alliance members are active in each programme country. For PAX, the programme aligns with three of our four thematic programmes. Thus, the newly acquired funding provides an opportunity to continue certain programmes (e.g. in South Sudan) and develop new ones (e.g. in Yemen and the Sahel region).

By the end of 2021, implementation had started for each country programme. A considerable effort was put during 2021 into getting started. Activities included establishing programme structures, joint planning sessions, baseline studies and the identification of partners in the programme countries. Due to restrictions as a consequence of the COVID-19 pandemic, travelling was hardly possible at all and in-country teams were also often unable to meet in person. This hindered progress in organisational issues as well as the programme implementation. The lack of progress translated into underspending. Hopefully, we will be able to catch up in 2022.

Al-Thawra Untha

The programme 'Al-Thawra Untha' (The Revolution is Female) aspires to help the women's movement in Iraq to become stronger by expanding and broadening its support base, by challenging gender norms and by acquiring legitimate representation for women at the table in processes of state and peacebuilding. PAX leads a consortium with the Italian NGO Un Ponte Per (UPP). Un Ponte Per promotes peace, human rights and solidarity in Iraq and other countries in the Middle East.

The programme provides space for cross-border activities such as (online) exchanges between cooperation partners and advocacy at the international level. In 2021, consortium members invested in getting to know each other and each other's in-country cooperation partners. Although this was hindered by the COVID-19 restrictions, the baseline process in particular helped in deepening discussions and generating common understanding.

The programme fits well with PAX's ambition to intensify its work in the field of Gender, Peace and Security. This also counts for PAX's participation in the Leaders of Peace programme, which is led by PLAN International and aims to promote the role of women and youths in peace processes in South Sudan.

HOW WE PLAN, MONITOR, EVALUATE AND LEARN (PMEL)

PAX's PMEL system is organised around the impact that projects aim to achieve. Theories of change are developed and include assumptions on how certain interventions (activities) lead to certain outputs, how a mix of certain outputs leads to certain outcomes, and how a mix of the proposed outcomes contributes to the strategic project objectives.

Project monitoring focuses on outcomes. In 2018, PAX introduced 'outcome harvesting' as a way of monitoring outcomes in a gender-sensitive and participatory way. Outcome harvesting is a comprehensive, participatory method that combines the collection, verification, reflection and analysis of outcome data with PAX's partners.

At the end of the most significant projects an evaluation is organised, enabling PAX to account for its programme results and strengthen its future interventions by learning from current interventions. Projects are evaluated using the criteria of OECD DAC (Organisation for Economic Co-operation and Development's Development Assistance Committee) and are guided by the intended uses of primary stakeholders (e.g. PAX, partners or beneficiaries).

Last year, PAX commissioned three external project evaluations. One was finalised in 2021 and the remaining two will be finalised in 2022.

In 2021, PAX and alliance/consortium members supported by external consultants established the baselines for the 'Strengthening Civil Courage' and 'Al-Thawra Untha' programmes, which will provide a basis for the mid-term review (2023) and final evaluation (2025).

At PAX, learning takes place in different spaces. Project teams identify learning questions at the start of the year and plan steps to answer these questions. This is a well-developed practice in the Protection of Civilians team, whereas in some other teams this is a practice that is relatively new or still underused. Within projects, PAX and partners reflect together on political developments, project implementation and risks or opportunities and adapt accordingly. Project teams draw on thematic expertise from within PAX, alliance partners or external partners, including about gender, advocacy, civic space, activism, digital security and dealing with the past.

Another space for learning is between projects, sometimes within a region or across regions. These exchanges mostly have a thematic focus and provide space for exchanges, sometimes supplemented by knowledge transfer. An example of this is the Joint Learning Pilot. Thematic advisers embedded in the Gender, Activism and Capacity Strengthening team have an important role in this: they follow developments in their respective fields and share these in cross-border learning programmes.

In addition, learning is stimulated through inspiration days and thematic sessions. These days are an opportunity for internal exchanges, and guest speakers and partners are invited to share their knowledge and experience.

PAX staff and partners participate actively in many different networks. They develop open webinars, organise and give talks at conferences and share their knowledge through various other resources.

Piloting a joint learning approach

In June 2021, PAX and activists from six conflict-affected countries met for the final session of an innovative nine-month joint learning pilot on nonviolent movement building. Asked by PAX about their learning demands, the partners had stressed that they would really appreciate more shared learning with PAX staff and partner organisations from different countries.

After thorough preparations and assisted by experts from UK-based INTRAC, PAX developed the joint learning pilot. From October 2020, we enabled 17 seasoned and passionate activists to jointly discuss topics such as 'How to build a nonviolent movement in an extremely violent context' and 'Tactics to engage new people in nonviolent movements'—in a wide range of settings, using different tools and methods.

One of the main eye-openers for several of the activists from the Middle East and northeast Africa was that "A nonviolent movement starts small; the masses come much later." Case study presentations by participants about masses who continued to take to the streets truly inspired the nonviolent activists, as they demonstrated that it is possible to mobilise many people and make change happen. Yet, as the participants learned from their fellow activists, it takes years of conscious preparation, dialogue and training to create a movement that is ready to seize the moment when it arrives. Nonviolent movements are never built overnight, whatever picture 'surprised' media might paint. Moreover, as one of the participants explained putting the images of huge crowds into perspective, demonstrations are only one nonviolent method on a list of 198 in total.

A wealth of valuable insights

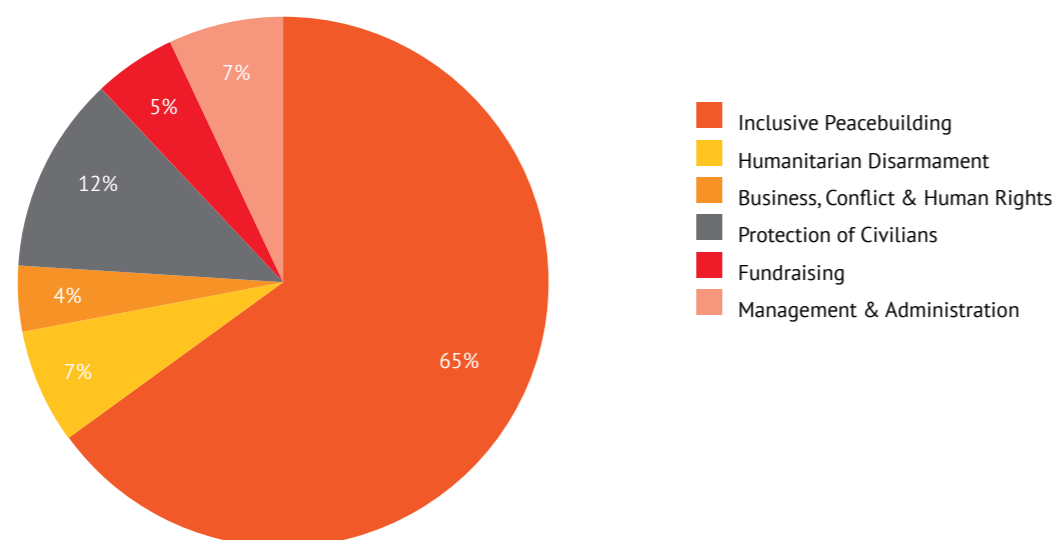
Exchanging these kinds of experiences and sharing knowledge such as "It only takes 3.5% of a population to achieve serious political change through nonviolent action" was extremely valuable for the participants. This applied not only to the 'start-ups', but also to partners with a long history of nonviolent movement building, who were eager to share their experience and strategies and get inspired by new movements, as well as to PAX staff.

Looking back, almost all participants stressed that they felt inspired, more confident and more connected with PAX and with peer activists from other countries. Some have already implemented the new insights in their daily work: "The pilot has given us the keys to open the door to once excluded parties that we need as allies." The pilot also brought PAX a wealth of insights into this joint cross-border learning approach, such as "Keep it light and flexible" and "Avoid adding too many layers and tools". We will use these insights to design similar learning journeys in the near future, and share them with the wider NGO community.

Working on objectives, in figures

The chart below summarises the 2021 expenditure per objective. It shows that in monetary terms the 'Inclusive Peacebuilding' programme was by far PAX's largest programme in 2021. Of the total expenditure (€18.4 million), 88 per cent was directly related to programmes, 5 per cent was spent on fundraising and 7 per cent on management and administration. In practice, 'Peace Activism in the Netherlands' is interwoven with the thematic programmes.

EXPENSES BY OBJECTIVE



1.3 Financial Policy and Financial Results

The following is a summary of the financial results for 2021, with the budget for 2021 and the results for 2020 for the purpose of comparison.

IN € X 1,000	ACTUAL 2021		BUDGET 2021		ACTUAL 2020	
	€	%	€	%	€	%
Income	17,860	100	20,976	100	16,988	100
Expenses						
- On the objective	16,261	91	18,434	88	14,232	84
- Fundraising	902	5	1,220	6	1,208	7
- Management & Administration	1,258	7	1,293	6	1,306	8
- Financial loss	14		30		69	
Net income	- 575		-		173	

In 2021, income was almost the same as in 2020, at €0.9 million higher. Compared to the budget, the actual income was €3.9 million less. The 2021 budget was based on the assumption that there would no longer be any question of government measures to tackle the coronavirus. A substantial increase in project activities was foreseen as a result. In reality, the COVID-19 measures continued well into 2021, and this explains the big difference between budget and realisation.

In 2021, the share of income from the Strategic Partnership grants with the Ministry of Foreign Affairs was 43 per cent, compared with 51 per cent in 2020. The new strategic partnerships have been contracted for the period 2021-2025. The year 2021 was dominated by the start-up of activities for the new subsidy period.

In order to reduce dependence on one major donor, PAX is focusing on fund diversification. Most of these funds have a duration of two or three years, due to the project-based nature of these funding sources. As a result of fund diversification, the cost of fundraising rose in 2020. In addition, costs were incurred in 2020 for the implementation for the new strategic partnership with the ministry. Therefore, the share of fundraising in 2020 was 7 per cent of income. In 2021, the cost of fundraising was reduced to 5 per cent of income. The share of management and administration costs in 2021 was 7 per cent of revenue, a slight decrease compared to 2020 (8 per cent).

The net income was €0.6 million below budget. The negative result was withdrawn from the continuity reserve after changes in the special-purpose reserve and funds. The remaining continuity reserve at the end of 2021 will be sufficient to cover the calculated risk, taking into account the continuity guarantee issued by Pax Christi. See Section 1.4 for a more detailed explanation of the continuity reserve.

FUNDRAISING METHOD USED

Support from individual donors is a valuable source of income for PAX. PAX is deeply rooted in Dutch society and enjoys moral and financial support from donors and Pax Christi members and through legacies and bequests as well as from participants in the annual Peace Week event hosted every September. As a result, more than 16.700 members and donors supported PAX in 2021 with financial contributions or other types of in-kind support.

In order to fulfil PAX's mission, we apply a proactive approach to raise funds for our programmes. We are working together with our donors to develop solution-oriented partnerships, build strong networks and ensure sustainability for our programmes. We aim to use this approach to diversify our donor base. This is reflected in our fundraising strategy. For the period 2021-2025, we were awarded the 'Strengthening Civil Courage' and 'AL-Thawra Untha' Strategic Partnerships by the Dutch Ministry of Foreign Affairs. As not all of PAX's programmes are funded through these partnerships, diversification is even more crucial. We successfully focused on forging stronger relationships with like-minded foreign governments as well as developing outreach to national and international foundations. Considering the financial requirements of these new partnerships, ensuring full cost recovery for every project from 2021 onwards has become essential to our organisation.

In order to make a success of this aspect and PAX's other fundraising priorities, we have developed a fundraising strategy for the period 2021-2025. The implementation of the new strategy started in the course of 2021.

1.4 Risks and Uncertainties

Risk management is a topic that needs continuous attention from management and other staff. Several teams are involved in risk management. The Organisation Director oversees this. Because our employees need to travel to conflict zones or live and work in such conflict zones, PAX has a dedicated security adviser who develops security policies and procedures and provides staff with training and support. Integrity policies and integrity issues are dealt with by an integrity officer in the HR, Organisation & Secretariat team. See Section 1.5 for more detailed information on integrity. Reputation and reputational risks are handled by the Communications & Society team. Financial risks are handled by the Planning & Control team and income-related issues are dealt with by the Fundraising team. The Planning & Control team also handles compliance-related risks. ICT and data-related risks are managed by the Facilities & ICT team.

PAX has formalised its risk analysis. The risks are re-assessed every year according to current and anticipated changes in the categories discussed below. Based on the updated risk assessment, the required minimum size of the continuity reserve has been calculated at €2.8 million (2020: €2.4 million). The required amount matches the actual size of the continuity reserve (namely €1.7 million) as per the balance-sheet date, plus the guarantee issued by Pax Christi (namely €1.2 million). The updated risk analysis was presented to and approved by the Supervisory Board. Our liquidity and reserves position is sufficient to cover more than 12 months of expenditure.

The **financial risk** (the biggest risk in our risk analysis) relates to the ability to absorb financial shocks in the financing of our work. The total amount related to financial risks is estimated at €1.9 million.

The extent to which Pax wants to take risks in order to achieve its objectives differs per objective and risk category. Pax's general risk appetite for key risks and uncertainties is risk-averse.

Since February 2020, the world has had to deal with the **COVID-19** pandemic. In 2021, the pandemic and the resulting lockdowns in the Netherlands and international travel restrictions had an effect on PAX's activities. The main priority for PAX and many of its donors is to reduce the impact of the COVID-19 crisis on the peace activities and to support our local partners to the best of our abilities. PAX took measures in order for the staff in the Netherlands and abroad to be able to continue their work from home. Trips were cancelled or postponed. We stayed in close contact with local partners to support them during the crisis and with donors to inform them of the impact on plans and to consult with them on the potential impact on funding and the possibility to adjust the timetable and the conditions of the funding to take account of the situation.

Several of PAX's activities were postponed during 2021 due to the pandemic. This led to less income, while costs continued to be incurred—in particular staff costs, but also partner costs. The potential impact is estimated at €0.3 million. However, so far most donors have been very flexible in accepting the funding of ongoing costs, even as activities and output have had to be postponed. In summary, our mitigating measures were: close contact with donors and partners; implementing alternative activities (e.g. online); and close monitoring of progress, expenditure and income.

The amount affected by the risk that remaining costs cannot be covered if **funding sources are not replaced** by new funding is estimated at €0.4 million. This is a continuous risk due to the project-based nature of the funding that most institutional donors are able to provide. Our mitigating measures are: diversification of donors; investing in donor relations; and ensuring we have a strong track record with donors.

Furthermore, we have included an amount of €0.9 million in **own contributions** in case we are not able to get 100 per cent coverage of the costs for new or existing projects due to funding restrictions imposed by the donor. This risk has increased due to the funding conditions for the 'Power of Voices' Strategic Partnership with the Dutch Ministry of Foreign Affairs, which allows for fewer co-funding possibilities with other subsidies and donations. Our mitigating measures are: seek donors who are able and willing to provide coverage of the full cost of projects as well as donors who are able and willing to match funding from other donors. In addition, we invest in raising private funding and other types of non-earmarked funding.

Other risks

The risk of losing the ANBI status and/or the CBF recognition as a result of not complying with the publication obligations and other requirements from the qualification system. This risk can lead to a decrease in trust in the organization and the loss of various tax benefits.

The risk of decreasing support for Pax's work due to current developments and insufficient demonstration of impact with loss of relevance and trust and suboptimal strategic decisions as a result.

According to our assessment, our other risks are similar to last year. These risks include:

- ◆ The risk regarding **data privacy and data protection**. Mitigating measure: devote continuous attention to data security.
- ◆ The risk of **fraud and corruption**. Mitigating measures: make continuous efforts to raise awareness of potential integrity risks, as well as improve policies and the code of conduct and put checks and controls in place, including regular audits.
- ◆ The risk regarding **personnel and the organisation** (related to **security** issues). Mitigating measures: implement security policy and guidelines as well as training activities.
- ◆ The risk of breaching grant conditions regarding the **funding of terrorist activities**. Mitigating measures: putting additional checks and controls in place, including related clauses in partner agreements.

The risk of receiving **less income than budgeted from Stichting Ondersteuning Vredeswerk (STOV)** and having **no cover for the repayment of the STOV loan** was quantified at €0.5 million at the end of 2021. At the end of 2020, this risk was quantified at zero.

The total amount needed to cover these other risks is calculated at €0.9 million. Together with the €1.9 million for the financial risk, the total amount needed for the continuity reserves is at least €2.8 million.

1.5 Organisation and Governance

LEGAL STRUCTURE

PAX Netherlands Peace Movement Foundation (PAX) is the result of a partnership with a unique structure. It originated from a long tradition of peace activism and was founded in 2006 as a joint organisation by the Pax Christi Netherlands (Pax Christi) Association and the Interchurch Peace Council (Interkerkelijk Vredesberaad, IKV) Foundation.

Pax Christi Netherlands was founded in 1948 as an independent section of the international Pax Christi movement. STOV (Stichting Ondersteuning Vredeswerk: Catholic Peace Movement

DIAGRAM OF LEGAL STRUCTURE AS AT 1 JANUARY 2022



Foundation) was founded by Pax Christi in 1997. Its role is to manage the Stiltecentrum (Silence Centre) in shopping mall Hoog Catharijne in Utrecht with the mandate of its owners, the Sisters of the Eucharist Congregation, and the PAX office on St Jacobsstraat in Utrecht. Recently, the articles of association of PAX and STOV were upgraded and STOV became a support foundation under PAX. The new articles of association entered into force on 1 January 2022.

OBJECTIVE UNDER THE ARTICLES OF ASSOCIATION

Until 2021, the objective of PAX under its articles of association is to execute programmes, projects and services for IKV and Pax Christi, as well as to execute programmes, projects and services for third parties, as long as these are in line with the objectives of IKV and Pax Christi. The objective of IKV under its articles of association is to promote solutions for crisis and war situations. The objective of PAX Christi under its articles of association is to promote peace in the broadest sense.

In 2021, PAX revised its articles of association which enter into force per 1 January 2022. The newly formulated objectives read as follows:

- ◆ The aim of the foundation is to protect civilians from war violence, to end armed conflicts and to help bring about a peaceful and just society, to promote human rights and to contribute to the international rule of law and a culture of peace in the Netherlands and worldwide, as well as everything related or conducive to the foregoing, all in the broadest sense.
- ◆ The foundation sees the traditions of IKV and Pax Christi, which are guided by the Biblical call to peace and justice, as a source of inspiration. Solidarity and human dignity are the core values of the foundation.

PAX COLOMBIA

PAX Colombia is a legal entity related to PAX. It is a Fundación (foundation), registered in Colombia. The members of the foundation and of the Founding Council are employees of PAX, who work for our Latin America programme. The Founding Council of PAX Colombia is the highest authority of the foundation and nominates the Executive Director and Executive Committee.

COMPOSITION OF THE BOARD OF DIRECTORS

NAME	POSITION	ANCILLARY POSITIONS
Anna Timmerman	<ul style="list-style-type: none"> • General Director and member of PAX's Board of Directors • Member of STIKAV's Executive Board 	Chair of Mensen Maken Amsterdam Member of the Human Rights Watch Netherlands Committee Ambassador for the National Holocaust Museum Member of the Humanity in Action advisory board <i>All volunteer positions</i>
Radboud van Delft	<ul style="list-style-type: none"> • Organisation Director and member of PAX's Board of Directors • Member of STIKAV's Executive Board 	None
Miriam Struyk	<ul style="list-style-type: none"> • Director of Programmes and member of PAX's Board of Directors 	None

BOARD OF DIRECTORS

PAX's Board of Directors is tasked with managing the organisation, for which it has full administrative responsibility. Each member of the Board of Directors has one vote. The Board of Directors Board generally makes its decisions based on consensus. The Board of Directors is accountable to the Supervisory Board.

The Director of Programmes was replaced temporarily in 2021 due to illness. At the end of 2021, the Organisation Director left the organisation. The vacancy is filled on an interim basis as of mid-November 2021.

Remuneration of senior management

The Supervisory Board determines the remuneration policy, the size of the management fee and the size of the other remuneration components on the advice of the Remuneration Committee. The directors are employed by PAX and receive a salary. There is no separate payment or additional compensation for work done for the benefit of STIKAV. The Supervisory Board has determined the salary policy and salary levels according to the collective labour agreement (CAO) of the Protestant Church in the Netherlands and the guidelines and certification system of the charity sector association Goede Doelen Nederland (see www.goededoelennederland.nl).

The guidelines consider, among other things, the size and complexity of the organisation, the context of the organisation and the Executive Board model. They set a maximum standard for the annual income. The weighting of the situation at PAX was carried out by the Remuneration Committee of the Supervisory Board in 2020 and is still valid for 2021. This led to a 'BSD' score of 418 points (General Director) with a maximum annual income of €125,011 (1 FTE/12 months) and a 'BSD' score of 384 points (other members of the Board) with a maximum annual income of €112,124 (1 FTE/12 months).

The actual annual incomes of the directors relevant to the assessment, against the applicable ceilings, amounted to €98,690 for A. Timmerman (0.95 FTE/12 months), €90,117 for M. Struyk (0.95FTE/12 months), €83,241 for R.T.J. van Delft (0.84 FTE/11 months) and €41,232 for M.M. van 't Hek (0.78 FTE/6.3 months). These rewards remained within the applicable ceilings. In 2021, an interim financial director was deployed in connection with a vacancy (0.68 FTE, 2.5 months). The total fee paid of €39,327 incl. VAT is in line with the market for interim board members and A.J.M. de Jong met the conditions that are included in the scheme with regard to the deployment of an interim director (not employed). The annual income, the taxed allowances/additions, the employer's pension contribution, the pension compensation and the other remuneration in the long term remained within the maximum amount of €209,000 per year included in the scheme. for A. Timmerman, M. Struyk, R.T.J. van Delft and M.M. van 't Hek, with an amount of EUR €111,252, €101,465, €93,313 and €41,232 respectively. The taxed allowances/additions, the employer's pension contribution and the other remuneration in the long term were also in reasonable proportion to the annual income. The amount and composition of the remuneration are explained in the financial statements in the notes to the statement of income and expenses.

For further details, see Appendices 1 and 2 of the financial report.

GOVERNANCE AND SUPERVISION

Governance and supervision are strictly separate processes at PAX, as has been documented in the articles of association. The Supervisory Board's tasks are to assess whether PAX is fulfilling its mission well and to supervise the policy of the Board of Directors. The Board of Directors is responsible for achieving the strategic objectives in an efficient and effective way. The Supervisory Board monitors the risks and the risk management in the organisation and checks whether there is a safe and healthy social environment. For the work of the Supervisory Board in 2021, please refer to Chapter 2 of this annual report.

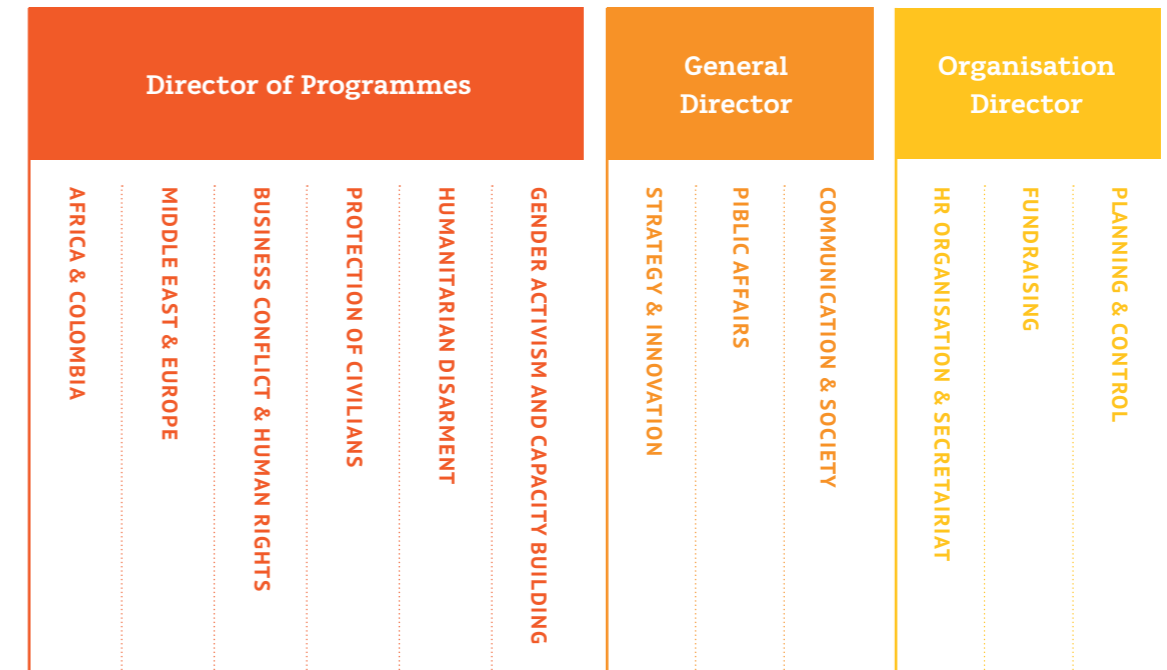
ORGANISATION AND PERSONNEL

PAX has a distinctive organisational structure consisting of programme teams to achieve the programme objectives and specialist teams for organisation-wide and cross-programme tasks in specific fields of expertise. The teams are managed by two equal leaders (dual leadership model), one being responsible for content (strategy, policies and coherence) and the other person for the organisational side, including budgeting and personnel management. In the three smaller teams, these roles are fulfilled by one person. All leadership positions are filled part-time in combination with another role, e.g. as project lead or policy adviser, in order to ensure involvement in daily practice and operations. This organisational model was evaluated at the end of 2020. This led to some practical changes and mergers between teams in 2021. Further improvements to the management structure will be made in 2022.

The staff numbers were reduced from averaged 119.4 FTEs at the end of 2020 to averaged]104.8 FTEs at the end of 2021. For 2022, the budgeted number of FTEs is 108.6.

Sick leave in 2021 was 9.4 per cent (2020: 9 per cent). The high percentage is mainly related to a number of long-term illnesses. The average reporting frequency (i.e. the number of times on average that a member of staff reports sick each year) was 0.88. This is below the national average of about 1. The high sickness absence percentage is worrying, firstly for the employees affected and secondly at the organisational level. The Board of Directors is therefore closely monitoring the improvements in the sick leave policy and its implementation. A study of the high workload among

FIGURE 05 OVERVIEW OF PAX'S ORGANISATIONAL STRUCTURE



PAX's staff was conducted in 2020, and in 2021 an absenteeism training course called 'PAX Vital' was set up to give managers more tools and to ensure that they discuss vitality, absenteeism and workload with their team.

INTEGRITY

We continue to look critically at ourselves and our own policies to ensure that a high standard of integrity is maintained. We realise that improper conduct can happen anywhere at any time, but the risk increases when there are unequal power relations. And norms governing proper conduct erode even more quickly in situations of war and violent conflict. Our integrity policy is supported by an independent external confidential adviser and an internal integrity officer and includes a whistleblower policy. In the first place, this policy aims to prevent incidents from occurring at all, but when they do occur this policy allows such incidents to be reported as easily and safely as possible. We will always thoroughly investigate reports and complaints, communicate them in a transparent way and sanction those involved in an appropriate manner. Our integrity policy is published on our intranet and on our website: <https://www.paxforpeace.nl/about-us/integrity-policy>. All staff members have signed the code of conduct, as have consultants and freelancers. This is also asked of partner organisations.

Any kind of conflict of interest among members of the Supervisory Board or the Board of Directors is forbidden. They provide a written statement confirming this each year. Members of the Board of Directors and Supervisory Board are forbidden to engage in any business relations or relations in the family sphere with the organisation in order to preclude any potential conflict of interest.

In 2021, there were three reports of integrity violations:

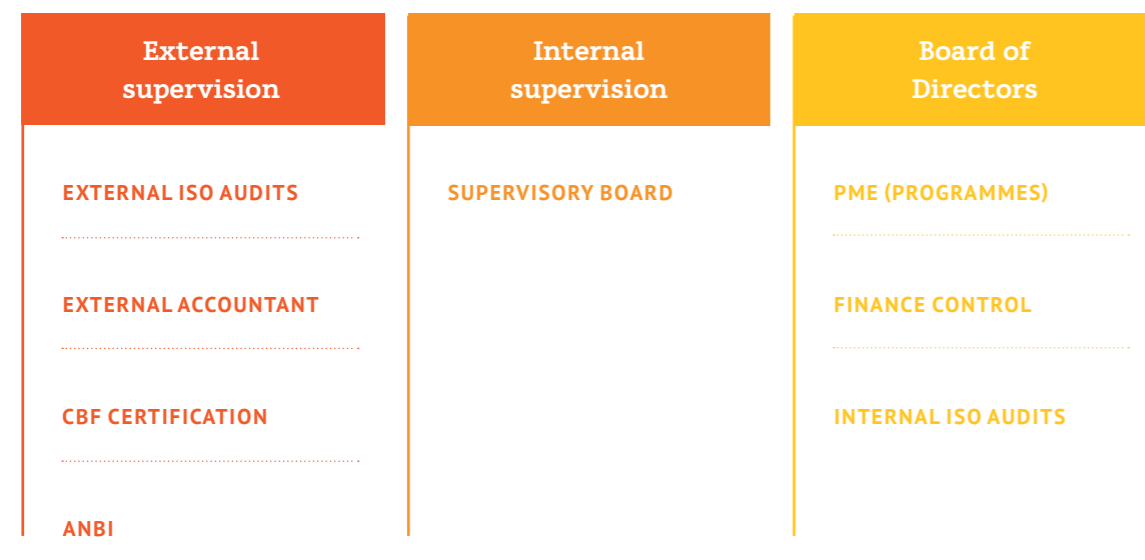
1. PAX received a complaint about transgressive behaviour by a local partner with a local volunteer. The volunteer did not feel free to discuss this with the local cooperation partner and therefore came to PAX. PAX proposed several possibilities for follow-up, but the volunteer chose to leave it at that. PAX always takes the wishes of the complainants into account, but we also weigh up for ourselves what measures are necessary and appropriate. In this case, given the content of the complaint, it was decided to follow the complainant's wishes. However, there is now an incident report that will weigh heavily in the event of a subsequent complaint.
2. PAX received a complaint about undesirable behaviour by one employee with another employee in a field office. The complaining employee was advised and guided on how to talk about the undesirable experience with the colleague. This was followed by a supervised meeting between the employees concerned about their experiences of the undesirable behaviour. This conversation was sufficient for the complainant. Here, too, PAX has made its own assessment. As we do not expect a repetition in the future, the complaint has been settled.
3. We received a complaint from several employees about a local partner, where PAX has a supervisory role. PAX hired a specialised firm to investigate the working climate within this partner's organisation, including the integrity issue mentioned. It was an extensive process, and the results will be presented to the team leads and other employees in spring 2022.

All the parties involved in these cases are kept updated and informed on the steps taken, the outcome and measures or sanctions taken. Also, we report cases to the Ministry of Foreign Affairs in accordance with the Ministerial Guidelines and to other donors.

COMPLIANCE WITH EXTERNAL SUPERVISION CODES

In addition to internal supervision, PAX is also subject to external supervision, which helps to ensure quality assurance. The diagram below shows the relationship between internal and external supervision at PAX.

RELATION BETWEEN INTERNAL AND EXTERNAL SUPERVISION



ISO Certificate 9001:2015

PAX has an ISO certificate 9001:2015 according to the Partos standard, version 2018 (Partos is the Dutch association for NGOs working in international development). External audits in the framework of ISO certification are conducted on an annual basis by an independent and accredited agency. The external audit conducted in 2021 showed no shortcomings that needed to be resolved urgently.

External accountant

The accountant's audit is carried out by independent registered auditors Mazars N.V. in accordance with the Dutch Accounting Standards Board's RJ650 guideline on annual reporting for charity organisations, as well as the Dutch audit protocol under the Dutch Executives' Pay (Standards) Act.

Codes and guidelines

PAX is a member of the charity sector association Goede Doelen Nederland and complies with all this association's codes of conduct and guidelines, including:

- ◆ The certification system, which is the hallmark for charities in the Netherlands. The Dutch Central Bureau for Fundraising (CBF) periodically reviews whether PAX is meeting all its quality requirements. In 2020, a reassessment was carried out by CBF confirming PAX's compliance and making recommendations, including with regard to updating the articles of association. These recommendations were adopted by the Board of Directors. The articles of association have been updated in 2021. See also <https://www.cbf.nl/de-erkenning>.
- ◆ Guidelines for the Reserves of Charitable Organisations.
- ◆ The Guideline for the Remuneration of Directors of Charitable Institutions.
- ◆ The ENP-Goede Doelen Nederland Directive on the Settlement of Estates.
- ◆ The Goede Doelen Nederland recommendations on cost allocation management and administration.
- ◆ Practical guide to responsible asset management.

PAX is a member of Partos and adheres to this association's code of conduct (www.partos.nl).

This code covers the fields of:

1. Sustainable development of society;
2. Professional organisation;
3. Communication and fundraising.

Public Benefit Organisation (ANBI)

PAX is treated as a Public Benefit Organisation (ANBI, *algemeen nut beogende instelling* in Dutch) by the Dutch Tax Administration.

1.6 Communication with Stakeholders

PAX's main stakeholders are our partners in the areas where we work, our supporters in the Netherlands, donors and employees. Our communication strategy is as follows.

Partners

The project leaders are the contact persons for the partners and often go on field visits. Managers also regularly go on field trips to personally monitor the progress of the peace work and the circumstances in which this is being carried out. In 2021, our visits were restricted because of the global pandemic. However, even in times of COVID-19 we found ways to keep in touch with our partners.

Supporters

As a peace movement rooted in Dutch society, PAX has intensive contact with its supporters and we facilitated Peace Embassies throughout the country in 2021. Our embassies usually organise hundreds of activities per year that involve thousands of citizens. Of course, there were fewer activities in 2021 because of COVID. PAX's employees, the Board of Directors and members of the Supervisory Board regularly attend events such as the Peace Ambassadors' day and PAX's main annual event, the Peace Week. We maintain contact with our supporters (and donors) through the PAX magazine, which is published four times a year, and with interested parties via newsletters, social media and the website. In addition, we involve groups such as artists and students in the development of our campaigns. There was a sharp rise in the use of online communication in 2021. We involved people through webinars, podcasts and the online livestreaming of events.



A few members of the PAX Club of 100 © PAX

Donors and members

Managers and other employees maintain regular personal contact with major donors such as the Ministry of Foreign Affairs and the Dutch Postcode Lottery, strategic partners and institutional funds. PAX also aims to build long-term relationships with individual donors to secure ongoing financial support for our projects and campaigns. Furthermore, PAX has 14,500 private donors and is supported by contributions from 2,232 members of the Pax Christi association. In 2021, we reached out to our constituency to find 100 people willing to contribute €1,000 each. These donors make a guaranteed direct contribution to our nuclear disarmament project and will receive a drawing specially made by cartoonist Len Munnik. We launched this initiative in late 2020 and managed to attract 70 donors in 2021. We produced a special 'PAX Club of 100' book that included interviews with donors and other people who played an important role in the work to bring an end to nuclear weapons. We had one live event with the Club of 100 at the PAX office on 14 October 2021.



"As the Postcode Lottery, we seek to encourage democracy and citizenship"

Jonne Arnoldussen is Head of Charities at the National Postcode Lottery (Nationale Postcode Loterij). The National Postcode Lottery gave generous support to PAX last year once again. The collaboration is going "well" but Arnoldussen sees more opportunities, both for the National Postcode Lottery and for PAX. "PAX can use the conflict in Ukraine to further highlight its relevance."

The National Postcode Lottery has big ambitions, if Jonne Arnoldussen is to be believed. Postcode lotteries have now been started in the UK and Germany, with the aim of giving charities maximum support for their work. PAX is one of those charities and has been a partner of the National Postcode Lottery for years. Time to pause for a moment and consider the current state of affairs.

What do you think makes the Lottery such an attractive partner for NGOs such as PAX?

"We donate money that is at their free disposal rather

than earmarked for a particular purpose. I think that is very important for organisations and we hear that a lot too.

Other financiers are more focused on earmarking funds and expect the organisation to generate its own funds as well. We don't always give much, but our money can be spent as wished. We try never to contribute more than one third of an organisation's funding as we don't want organisations to become dependent on us. Our support also inspires confidence among other financiers: often, other parties decide to provide funding too as a result."

What role does the National Postcode Lottery play within the group of financiers as a whole?

"We feel we owe something to the people who play the lottery because it is their contributions we use. So it is important that they can understand why we do what we do. We try to find topics that interest our lottery players, with a broad assortment of charities. We see the charity sector as a thousand flowers blossoming, with something for everyone. At the same time, we also want to boost democracy and give civil society a

voice. We find it very important to encourage private initiatives in society. Civil society organisations can offer a counterbalance to the short-term focus of modern-day politics, the tensions between MPs, and ministers who are protected from the consequences.”

In the Netherlands, 40 per cent of households play the postcode lottery but there is increasing competition, for example from casino games. How do you see the future?
“We are not really afraid of this competition.

There is a lot of potential for growth, especially in other European countries that don't yet have this concept. We have been granted licences for our sister organisations in the UK and Germany. We are a non-profit organisation and buying our lottery tickets is not addictive. That makes us different to casino games, for instance. We also find that lottery players like having a chance of winning the main prize and at the same time supporting a good cause. People play our lottery because of the main prize but they also like the fact that their money will go to charity if they don't win. The politicians legalised online casinos despite the risk of addiction. Fortunately, the politicians are quite clear about the difference between lotteries and online casinos. So we are still able to sell lottery tickets to support organisations such as PAX.”

There have been other developments recently too: a minimum contribution to good causes from 50 per cent to 40 per cent and the merger of the Bank Giro Lottery (Bankgiroloterij) and Friends Lottery (VriendenLoterij). What impact will this have?

“That's right; we don't have to pay so much in contributions. Our main competitors pay about 15 per cent. Although it should be said we are more than happy to pay the 40 per cent. But we need that extra money because the market is changing. We need to advertise to compete with the state casinos and foreign gambling companies. But even more importantly, we need to offer competitive prizes to make sure as many people as possible decide to join in and buy a ticket.

We merged the Bank Giro Lottery and Friends Lottery, which are both managed by the same body as the National Postcode Lottery. The organisations that used to get support from the Friends Lottery are now long-term partners of the National Postcode Lottery.



That means we collaborate with 150 charities and we have turned three brands into two stronger brands: the new Friends Lottery and the Postcode Lottery. We hope that will let us grow further and give even more support to good causes.”

How have you found the partnership with PAX?

“The collaboration is going well and PAX is very good at keeping us up to date on what is going on.”

What developments would you like to see at PAX?

“I think PAX is doing really urgent work at the moment. I'm convinced the war in Ukraine has made more people aware of the importance of peace work. In general, we find it really important that an organisation enjoys maximum support, engaging people with volunteers, donors, modern forms of social media, crowdfunding and other methods. As well as support among the general public, we also like to see a broad portfolio of financiers. I certainly hope PAX will be able to use the terrible things going on in the world at the moment to highlight its relevance. I also hope PAX will succeed in raising far more uncommitted funding from private individuals and collectives.”

Complaints procedure

PAX has a complaints procedure. A complaint is defined as any statement that has come to the organisation's attention that expresses dissatisfaction with its mode of operation, its message or any of its employees. PAX handles these complaints with the utmost care and follows the organisation's complaints procedure. In 2021 we received 5 complaints (2020:9) 4 less than the year before. Our complaints procedure is published on our website: <https://www.PAXforpeace.nl/contact/complaints-procedure>

Employees

In addition to daily operational contact, there is also frequent consultation with staff through various channels. Of course, there are regular work meetings. In addition, the Board of Directors holds regular consultative meetings with the Works Council. Employees have access to an independent confidential adviser if necessary (see also 'Integrity' in Section 1.5). The COVID-19 pandemic had a major impact on the way we work. We had to close our office several times, and we asked employees to only come to the office if absolutely necessary. We made some exceptions for people whose home situation forced them to work at the office. We also regularly enquired about the well-being of colleagues and provided support to make sure they could work from home comfortably and effectively. The same went for our colleagues abroad and at partner organisations.

Brand awareness: media

Increasing our brand awareness is one of our strategies for expanding our impact. 2021 was a good year for the recognisability of PAX as we received extensive media coverage.

A total of 150 articles were placed in offline newspapers, varying from op-eds by our experts to interviews with our colleagues and articles on our reports. We placed 70 articles in the national press, including major newspapers such as De Volkskrant, De Telegraaf, NRC and Trouw. In addition, 60 articles appeared in the regional press, including BN/DeStem and Brabants Dagblad. The international press ran 18 of our pieces, including the BBC, The Guardian, Forbes, Vice and The Telegraph. We were on national TV and radio 15 times, including NPO Radio 1 (400,000 listeners) and EenVandaag (1.5 million viewers).

The subjects that interested journalists varied. International outlets focused largely on our work on drones. National outlets covered a wider range of topics we work on, from Srebrenica and the protection of civilians to the treaty ban on nuclear weapons and investments in weapons.

It is encouraging to see that the media outlets that covered PAX's work are among the biggest worldwide, nationally and regionally. Some of the regional articles were published not just in one paper but in many affiliated newspapers, putting the number of articles substantially higher than 150. Many of the articles were also published online, which means people searching for information on the subjects will be redirected to the articles for years to come.

Brand awareness: social media

Traffic on our Dutch Twitter account, our main corporate way of sharing our work and opinions on the news, increased across the board: we had more tweets, more views, more followers, and more retweets, clicks and likes. Twitter has also been a way for journalists—especially international journalists—to find our experts more easily, which resulted in quite a few articles being written with our colleagues as a source.

The numbers of organic posts and views on Facebook and Instagram are similar to 2020. It is good to keep in mind that this is the result of a hugely successful campaign we launched in 2020, the year with which these 2021 numbers are being compared. So this lack of change was not

unexpected. However, we did reach more people through advertisements on Facebook, resulting in three times as many views compared to 2020. Indeed, all our social media channels have seen a rise in followers. On Twitter, we gained an additional 10 per cent of followers, Facebook showed growth of 9 per cent and the number of followers on Instagram nearly doubled, with growth of 90 per cent.

The PAX website had 90,373 unique visitors in 2021 (29 per cent more than in 2020) and 200,100 page views (10 per cent more than in 2020).

1.7 Outlook for 2022

Our 2021–2025 Strategic Framework ‘Empowering People, Building Peace’ remains fully in force. We will however reassess our strategies using a light participatory review. The aim is to adapt to geopolitical developments and to check whether we are still on the right track. The war in Ukraine and the consequences for Dutch and European foreign and security policy, among other things, will also lead to adjustments in our policy and programmes. In addition, in 2022 we want to make a leap forward in our five core ambitions (see Section 1.1.).

2022 is also the second year of the Strategic Partnerships ‘Strengthening Civil Courage’ (‘Power of Voices’) and ‘The Revolution is Female’, with the Ministry of Foreign Affairs. We have fallen behind in the implementation of these partnerships mainly due to the restrictive coronavirus measures. We will need to make up for lost ground in the course of 2022. We intend to make significant progress in PAX’s learning agenda, where our partners in conflict areas will have a more prominent role. The PAX Academy is the framework within which a place will be given for the full range of learning activities and for safeguarding knowledge and skills.

In 2022, continuing into 2023, we will also invest more in the Peace Embassies and strengthen our relations with our church supporters. Peace Embassies are asking for this and we think it is very important, despite the necessary financial cuts we had to make in 2021. PAX will also start a campaign around one or more themes to increase support among the broader Dutch public and boost financial contributions and political influence.

In 2020 and 2021, we carried out extensive analyses of the functioning of the organisation. The following bottlenecks must be resolved:

1. Faster availability of relevant management information to enable timely adjustments;
2. Stronger connection between the teams and with the Board of Directors of the organisation;
3. More efficient and transparent work processes.

In 2022, we will develop and implement an improvement plan along the following themes:

- a. Organisational development;
- b. Process improvement;
- c. Management information;
- d. Vitality of employees;
- e. Financial health of PAX.

Financial outlook

The 2022 budget outlined below has been approved by the Supervisory Board.

IN € X 1,000	BUDGET 2022		ACTUAL 2021		BUDGET 2021	
	€	%	€	%	€	%
Income	19,062	100	17,860	100	20,976	100
Expenses						
On the objective	16,692	88	16,261	91	18,433	88
Fundraising	1,073	6	902	5	1,220	6
Management & Administration	1,242	6	1,258	7	1,293	6
Financial loss	55		14		30	
Net income	-		- 575		-	

Impact of COVID-19

Since February 2020, the world has had to deal with the spread of the COVID-19 virus. Several field activities by PAX and its partners are on hold for the time being, while other activities can continue. An uncertain factor was how the vaccination programme in the Netherlands, but also in the countries in which we work, would develop. This is important so we can consult directly with local partners and alliance parties. Developing new networks and finding new donors has also been made more difficult by the coronavirus restrictions. See also Section 1.4, ‘Risks and Uncertainties’.

1.8 Corporate Social Responsibility

PAX wants to have a positive impact through its programmes on people, their communities and the planet. We are aware that our activities also entail the risk of negative impacts on the planet and its people. Therefore, we seek to integrate our values and our respect for national and international laws, norms and standards into our way of working and to minimise our negative impacts.

As part of our work, we hold businesses and governments to account for their impact on society and require them to be transparent about that impact. As we want to practice what we preach, we hold ourselves to the same standards that we apply to others.

We consciously choose our suppliers and hired services. As one of the driving forces behind the Fair Finance Guide (<https://eerlijkegeldwijzer.nl/>), we use banks with a high score in the Fair Bank Guide. Exceptions are allowed when this is not possible, for instance for cross-border payments. Our procurement policy considers environmental concerns, for example when we purchase computers, printers and other office supplies. Energy is supplied by Greenchoice, a local energy supplier that provides our office with 100% green energy. We also use Fair Trade products for coffee and tea, for example. Our catering is fully vegetarian. As in previous years, PAX will continue to adhere to the principle that all of its employees should commute by public transport in combination with working from home.

Our staff need to travel by aeroplane in order to implement projects and work closely with our partners and civilians in conflict and post-conflict areas. Our policy is to compensate for CO₂ emissions. However, 2020 and 2021 were exceptional years because of the travel restrictions due to the coronavirus pandemic, which made our carbon footprint unusually low. Even after the coronavirus crisis, however, we must remain vigilant and critically assess the need to travel.

2. Report by the Supervisory Board

MEETINGS OF THE SUPERVISORY BOARD

The Supervisory Board's task is to independently and professionally supervise the policy of the Board of Directors. It is responsible for approving the 2021-2025 Strategic Framework plan, the annual plan and budget, and the annual report and financial statements. To ensure effective supervision, the Supervisory Board draws up a supervisory agenda each year to address the various elements of good governance it envisages. In 2021, the Supervisory Board mainly focused on:

- ◆ Finances;
- ◆ Peace programmes and projects;
- ◆ The functioning of the Board of Directors;
- ◆ The next steps in the organisational development of PAX;
- ◆ The revision of the articles of association of Stichting Vredesbeweging PAX Nederland.

In addition, the coronavirus pandemic and its consequences for our peace work, staff and partners in conflict areas were discussed several times.

In 2021, the Supervisory Board held eight regular meetings. To ensure that the Supervisory Board did not only get its information from the Board of Directors, additional meetings were held with the Works Council. There were also several meetings with representatives of IKV and Pax Christi.

THE COMPOSITION OF THE SUPERVISORY BOARD AND ITS COMMITTEES

At the end of 2020 there was one vacancy in the Supervisory Board. On 1 March 2021 two supervisory directors, Peter van der Veer and Wieger Bakker, stepped down because their second term of office had expired. On this date three new supervisory directors took office: Eduard Nazarski (Chair), Elise Kant and Dushica Naumovska. Because of these changes, the self-evaluation of the Supervisory Board was postponed until the first half of 2022. The Supervisory Board in its current composition will then have had one year of experience. This will benefit the reflection on the performance of the Board.

The Supervisory Board would like to express its sincere gratitude to the retired supervisory directors for all their dedicated work for our peace movement.

The Supervisory Board has an Audit Committee that studies the financial documents and discusses them in detail with the Organisation Director and the financial controller, and at set times with the external auditor. The Audit Committee held five meetings in 2021. The findings of the Audit Committee are reported to the Supervisory Board at every meeting. This year, in addition to the Audit Committee, the Supervisory Board also met with the external auditor to discuss the financial state of affairs. The Supervisory Board has a Remuneration Committee, which mainly conducts annual performance reviews with the individual members of the Board of Directors.

MAIN FOCUS POINTS IN 2021

Finances

The Dutch Ministry of Foreign Affairs gave our 2021–2025 grant applications for ‘Power of Voices’ and ‘Al-Thawra Untha’ (The Revolution is Female) in 2020 very high scores. This is a good reflection of the appreciation for the work of all PAX staff and the alliance partners. It also meant that we have guaranteed funding for 2021–2025 for implementation of projects under three out of four PAX themes (Inclusive Peacebuilding, Humanitarian Disarmament and Business, Conflict & Human Rights).

However, in the first half of 2021 it became clear that PAX would face a financial shortfall in its 2021 budget. For an explanation of the causes and measures taken, please refer to the chapter on finances and the financial statements. The Supervisory Board has had several intensive discussions with the Board of Directors about the causes and possible solutions, how the shortfall can be reduced in the short term and how PAX’s continuity can best be guaranteed in the longer term.

Peace programmes and projects

In order for the Supervisory Board to remain well-informed about peace programmes and projects, the Board regularly invites a project leader at the start of its meeting to give a presentation on specific substantive issues. In 2021, these presentations included the following topics:

- ◆ The debate in Dutch society on whether there is apartheid in Israel;
- ◆ Our peace work in the Democratic Republic of Congo;
- ◆ PAX research into the background and repercussions of the 2015 airstrike on Hawija in Iraq.

Functioning of the Board of Directors

In 2021, the Supervisory Board also focused on the interim situation that had arisen within the Board of Directors due to the prolonged illness of the Director of Programmes and the replacement of the Organisation Director, who departed on his own initiative in the autumn of 2021. The Supervisory Board thanks Radboud van Delft sincerely for sharing his deep knowledge and expertise and for his tireless efforts for PAX.

An interim Organisation Director and an interim Director of Programmes have been appointed. Neither have statutory powers.

The next steps in the organisational development of PAX

In December 2020, PAX received two reports commissioned by the Board of Directors: the external evaluation by Haagse Beek of the organisational changes in 2019 and the report on work related stress by PreventPartner. In September, a study was carried out by RijnConsult on the financial situation and possibilities for savings.

On several occasions in 2021, the Supervisory Board discussed the Board of Directors’ analyses of these reports and their proposals for concrete steps to reduce the heavy workload of employees and to improve the financial situation and the current organisational model. A work plan has been drawn up; implementation has started and will continue in 2022.

The revision of the articles of association of Stichting Vredesbeweging PAX Nederland

PAX was founded in 2006 by IKV and Pax Christi. PAX covers all activities, staff and financial resources and operates from a single office in Utrecht. IKV and Pax Christi have continued to exist

as separate legal entities. However, for various reasons the articles of association of the legal entities were no longer up to date and needed to be revised. This revision took place in 2021. PAX’s new articles of association took effect on 1 January 2022.

It was also decided to transfer the Stichting Katholieke Vredesbeweging (STIKAV) to PAX and to change its name to Stichting Ondersteuning Vredeswerk (STOV). STIKAV/STOV was a support foundation of PAX Christi and is now a support foundation of PAX. The purpose of STOV is mainly to take care of the maintenance of the Silence Centre in Hoog Catharijne Utrecht (www.stiltecentrum.nl) and the PAX office.

COMPOSITION OF THE SUPERVISORY BOARD

On 31 December 2021, the Supervisory Board consisted of the following members.

SUPERVISORY BOARD

NAME	POSITION IN SUPERVISORY BOARD	POSITION/ANCILLARY POSITIONS
T. L. C. M. (Tom) Groot	<ul style="list-style-type: none">• Member of the Supervisory Board of PAX• Member of the Audit Committee	<ul style="list-style-type: none">• Professor of Management Accounting, VU University Amsterdam• Chair of the board of directors, Archaeological Institute VU-Hbs• Member of the supervisory board, Reclassering Nederland
E.J. (Elise) Kant	<ul style="list-style-type: none">• Member of the Supervisory Board of PAX	<ul style="list-style-type: none">• Director, Haella Foundation• Chair, Landelijk Fondsen Overleg
F. (Farah) Karimi	<ul style="list-style-type: none">• Member of the Supervisory Board of PAX• Member of the Remuneration Committee	<ul style="list-style-type: none">• Member of the Dutch Senate• Independent Professional on Leadership & Ethics• Member of the supervisory board of NHLStenden, University for Applied Sciences• Chair of the Board of Writers Unlimited
E. A.M. (Eduard) Nazarski	<ul style="list-style-type: none">• Chair of the Supervisory Board of PAX	<ul style="list-style-type: none">• Chair of the board of the Peace Studies Foundation• Member of the board of Goede Doelen Nederland• Member of the oversight board of Musicians Without Borders
D. (Dushica) Naumovska	<ul style="list-style-type: none">• Member of the Supervisory Board of PAX• Member of the Audit Committee	<ul style="list-style-type: none">• Chief Operating Officer, INHOPE International Association of Internet Hotlines

J. E. (Janne) Nijman

- Member of the Supervisory Board of PAX
 - Member of the Remuneration Committee
 - Chair of the executive board and academic director, Asser Institute, The Hague
 - Professor of History and Theory of International Law, University of Amsterdam
 - Professor of International Law, the Graduate Institute of International and Development Studies, Geneva
 - Chair of the supervisory board, the World Press Photo Foundation
 - Jury member, UCLG Peace Prize
-

ROTATION SCHEDULE

NAME	DATE APPOINTED	APPOINTED BY	END OF FIRST TERM	END OF SECOND TERM
Tom Groot	1 Dec. 2018	Pax Christi	1 Dec. 2022	
Elise Kant	1 Mar. 2021	IKV	1 Mar. 2025	
Farah Karimi	1 May 2020	IKV	1 May 2024	
Eduard Nazarski	1 May 2021	Pax Christi	1 Mar. 2025	
Dushica Naumovska	1 Mar. 2021	Pax Christi	1 Mar. 2025	
Janne Nijman	1 Jan. 2019	IKV	1 Jan. 2023	

REMUNERATION AND REMUNERATION COMMITTEE

The members of the Supervisory Board carry out their tasks on a voluntary basis and do not receive any financial compensation, leave allowances or attendance fees. Expenses, such as travel expenses, are the only expenses that are remunerated, based on the amounts actually incurred.

Every year, the Remuneration Committee holds a performance review with the members of the Board of Directors.

NO CONFLICTING INTERESTS

There were no transactions in 2021 involving conflicts of interest on the part of members of the Supervisory Board or Board of Directors. Each year, all members of the Supervisory Board and Board of Directors submit a declaration of ancillary positions they hold that could involve potential conflicts of interest for them and their direct family members.



3. Financial Statements 2021

3.1 Balance sheet (after appropriation of result)

		31 December 2021	31 December 2020
		€	€
ASSETS			
Intangible fixed assets	1	180,687	112,823
Tangible fixed assets	2	100,049	297,626
Financial fixed assets	3	384,320	376,784
Total fixed assets		665,056	787,233
Receivables and prepayments			
Receivables from related entities	4	103,202	38,353
Receivables from donors	5	2,724,182	2,690,549
Other receivables and prepayments	6	350,674	317,621
		3,178,057	3,046,523
Cash and cash equivalents	7	6,577,784	12,227,976
Total assets		10,420,897	16,061,732
LIABILITIES			
Reserves and funds			
Continuity reserve	8	1,647,584	2,330,625
Earmarked reserves	9	199,208	148,208
Earmarked funds	10	82,093	24,909
		1,928,884	2,503,742
Long term liabilities	11	295,107	884,290
Current Liabilities			
Grants received in advance	12	3,400,420	8,452,887
Partner commitments	13	2,837,472	2,026,080
Accounts payable		607,755	371,865
Other liabilities	14	1,351,259	1,822,868
		8,196,906	12,673,700
Total liabilities		10,420,897	16,061,732

3.2 Statement of income and expenses

		Actual 2021 €	Budget 2021 €	Actual 2020 €
INCOME				
Income from individuals	15	596,820	590,000	516,558
Income from companies	16	916	-	44,304
Income from lottery organisations	17	1,025,905	1,088,225	1,168,743
Grants from governments	18	14,911,874	17,188,114	14,203,536
Funding from other non-profit organisations	19	1,325,026	2,110,000	1,055,601
Sum of income		17,860,541	20,976,339	16,988,742
EXPENSES				
Expenses on the objective	20			
Inclusive peacebuilding		11,972,530	12,381,386	
Community-Based Security and Citizens Rights		-		4,631,814
Dealing with the Past		-		1,903,509
Humanitarian Disarmament		1,367,703	1,444,900	1,139,301
Natural Resources, Conflict & Human Rights		691,549	2,116,284	765,617
Protection of Civilians		2,228,857	2,491,104	2,148,386
Peace activism and Advocacy		-		3,643,290
		16,260,638	18,433,674	14,231,916
Fundraising	21	902,315	1,219,828	1,207,871
Management and administration	22	1,258,288	1,292,837	1,306,353
Sum of expenses		18,421,241	20,946,339	16,746,140
Sum of income and expenses before financial gain/loss		560,700-	30,000	242,603
Financial gain/loss	23	-14,157	-30,000	-69,486
SUM OF INCOME AND EXPENSES		574,857-	0	173,117
Appropriation of result	24			
Addition to continuity reserve		683,041-	0	
Addition to earmarked reserve		51,000		148,208
Addition to earmarked fund		57,184	-	24,909
		574,857-	0	173,117

3.3 Cash flow statement

		2021 €	2020 €
Sum of income and expenses		574,857-	173,117
Adjusted for:			
Depreciation & amortisation	1,2	256,182	264,153
Net finance costs	23	21,693	30,270
Changes in Receivables from related entities	4	64,849-	144,941
Changes in Receivables from donors	5	33,633-	436,118
Changes in Other receivables and prepayments	6	33,053-	161,457
Changes in Long term liabilities	11	589,183-	356,683-
Changes in Current liabilities	12,13,14	4,476,794-	2,461,946
Cash flow from operations		5,494,494-	3,315,318
Interest received	23	-	14
Interest paid	23	60,032-	13,644-
Other finance costs paid	23	1,648-	15,925-
Cash flow from operating activities		5,556,174-	3,285,763
Investment/desinvestment in intangible fixed assets	1	114,401-	50,237-
Investment/desinvestment in tangible fixed assets	2	12,068-	29,782-
Investment/desinvestment in financial fixed assets	3	7,536-	376,784-
Cash flow from investing activities		134,005-	456,803-
NET CASH FLOW		5,690,179-	2,828,960
Exchange rate and translation differences on cash and cash equivalents		39,987	715-
CHANGES IN CASH AND CASH EQUIVALENTS	7	5,650,192-	2,828,245

Notes to the 2021 Financial Statements

GENERAL

Stichting Vredesbeweging PAX Nederland (hereinafter referred to as: PAX) is located and has its registered office in Utrecht, St. Jacobsstraat 12 and is registered under number 30214009 001 in the trade register.

PAX works together with involved civilians and partners in areas of war to protect human security, to prevent and end armed violence and to build peace with justice. The activities are carried out both in the Netherlands and abroad.

Financial reporting period

The financial statements cover the year 2021, which ended at the balance sheet date of 31 December, 2021.

Reporting Directive for Fundraising Institutions

The 2021 Financial Statements have been prepared in accordance with Guideline RJ650 for Fundraising Organisations, which is the applicable reporting framework for Dutch fundraising organisations. In addition, the financial statements have as well been prepared in accordance with the Wet Normering Topinkomens.

Functional and presentation currency

The financial statements are presented in euros ('EUR'), which is the entity's functional currency.

Going Concern

These financial statements have been prepared on the basis of the going concern assumption.

Impact of the coronavirus

With the outbreak of the coronavirus and preventive measures taken by governments, there is high economic uncertainty. However, developments are currently very uncertain and subject to change. Given the high degree of uncertainty about the development of PAX, it is not possible to give a reasonable estimate of its impact on PAX. Management believes that PAX can endure the current corona crisis without external support.

ACCOUNTING POLICIES FOR THE MEASUREMENT OF ASSETS, LIABILITIES AND THE DETERMINATION OF RESULT

General

Assets and liabilities are measured at historical cost, unless stated otherwise in the further principles. An asset is recognised in the balance sheet when it is probable that the expected future economic benefits that are attributable to the asset will flow to the foundation and the asset has a cost price or value of which the amount can be measured reliably. Assets that are not recognised in the balance sheet are considered as off-balance sheet assets.

A liability is recognised in the balance sheet when it is expected that the settlement of an existing obligation will result in an outflow of resources embodying economic benefits and the amount necessary to settle this obligation can be measured reliably. Provisions are included in the liabilities of the foundation. Liabilities that are not recognised in the balance sheet are considered as off-balance sheet liabilities.

An asset or liability that is recognised in the balance sheet, remains on the balance sheet if a transaction (with respect to the asset or liability) does not lead to a major change in the economic reality with respect to the asset or liability. Such transactions will not result in the recognition of results. When assessing whether there is a significant change in the economic circumstances, the economic benefits and risks that are likely to occur in practice are taken into account. The benefits and risks that are not reasonably expected to occur, are not taken into account in this assessment.

An asset or liability is no longer recognised in the balance sheet, and thus derecognised, when a transaction results in all or substantially all rights to economic benefits and all or substantially all of the risks related to the asset or liability are transferred to a third party. In such cases, the results of the transaction are directly recognised in the statement of income and expenses.

If assets are recognised of which the entity does not have the legal ownership, this fact is disclosed.

Income is recognised in the statement of income and expenses when an increase in future economic potential related to an increase in an asset or a decrease of a liability arises of which the size can be measured reliably. Expenses are recognised when a decrease in the economic potential related to a decrease in an asset or an increase of a liability arises of which the size can be measured with sufficient reliability.

Income and expenses are allocated to the respective period to which they relate.

PRINCIPLES FOR THE TRANSLATION OF FOREIGN CURRENCIES

At initial recognition, transactions denominated in foreign currency are translated into the functional currency of the foundation at the exchange rate applying on the transaction date. Monetary assets and liabilities denominated in foreign currency are translated at the balance sheet date into to the functional currency at the exchange rate applying on that date. Non-monetary assets and liabilities in foreign currency that are measured at historical cost are translated into euros at the applicable exchange rates applying on the transaction date. Translation gains and losses are recognised in the statement of income and expenses.

In 2021, the currency translation differences recognised in the profit and loss account amounted to EUR 39,987 (2020: EUR 715).

USE OF ESTIMATES

The preparation of the financial statements requires management to form opinions and to make estimates and assumptions that influence the application of principles and the reported values of assets, liabilities, income and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions of estimates are recognised in the period in which the estimate is revised.

The following accounting policies are in the opinion of management the most critical in preparing the financial statements and require judgement, estimates and assumptions: valuations of legacies to be received, provisions and termination benefits.

FINANCIAL INSTRUMENTS

Financial instruments include investments in shares and bonds, trade and other receivables, cash items, loans and other financing commitments, derivative financial instruments, trade payables and other amounts payable. The financial statements contain the following financial instruments: cash items, receivables and payables. The foundation has no (embedded) derivative financial instruments.

Financial assets and liabilities are recognised in the balance sheet at the moment that the contractual risks or rewards with respect to that financial instrument originate. Financial instruments are derecognised if a transaction results in a considerable part of the contractual risks or rewards with respect to that financial instrument being transferred to a third party.

Financial instruments (and individual components of financial instruments) are presented in the financial statements in accordance with the economic substance of the contractual terms. Presentation of the financial instruments is based on the individual components of financial instruments as a financial asset, financial liability or equity instrument.

Financial instruments are initially recognised at fair value, including discount or premium and directly attributable transaction costs. The fair value is based on the estimated present value of the future net cash flows. After initial recognition the financial instruments are measured at amortised costs on the basis of the effective interest method, less impairment losses. The effective interest and impairment losses, if any, are directly recognised in the statement of income and expenses.

The fair value of a financial instrument is the amount for which an asset can be sold or a liability settled, involving parties who are well informed regarding the matter, willing to enter into a transaction and are independent from each other. The fair value of non-listed financial instruments is determined by discounting the expected cash flows to their present value, applying a discount rate that is equal to the current risk-free market interest rate for the remaining term, including a risk premium for credit and liquidity risks.

The entity considers evidence of impairment for financial assets measured at amortised cost (loans and receivables and financial assets that are held to maturity) both individually and on a portfolio basis. All individually significant assets are assessed individually for impairment. The individually significant assets that are not found to be individually impaired and assets that are not individually significant are then collectively assessed for impairment by grouping together assets with similar risk characteristics. The accounting principles for the accounting for (reversal of) impairment losses are described under "Impairment of financial assets".

The fair value of most of the financial instruments recognised on the balance sheet, including receivables, cash and cash equivalents and current liabilities, is approximately equal to their carrying amount.

IMPAIRMENT OF (FIXED) ASSETS

(Fixed) assets are assessed at each reporting date to determine whether there is any indication of an impairment.

If any such indication exists, the recoverable amount of the asset is estimated. The recoverable amount is the higher of value in use and net realisable value. If it is not possible to assess the recoverable amount for an individual asset, the recoverable amount is assessed for the cash-generating unit to which the asset belongs.

When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, an impairment loss is recognised for the difference between the carrying amount and the recoverable amount. If there is an impairment loss for a cash-generating unit, the loss is allocated to the assets of the unit pro rata to their book values.

Subsequently, at each reporting date, the entity assesses whether there is any indication that an impairment loss that was recorded in previous year has been decreased. If any such indication exists, then the recoverable amount of the asset or cash-generating unit is estimated.

Reversal of a previously recognized impairment loss only takes place when there is a change in the assessment used to determine the recoverable amount since the recognition of the last impairment loss. In such case, the carrying amount of the asset (or cash-generating unit) is increased to its recoverable amount, but not higher than the carrying amount that would have applied (net of depreciation) if no impairment loss had been recognized in previous years for the asset (or cash-generating unit).

CURRENCY, INTEREST, PRICE, CREDIT, LIQUIDITY AND CASH FLOW RISKS

During the normal course of business, the foundation uses various financial instruments that expose it to market, currency, interest, cash flow, credit and liquidity risks. To control these risks, the foundation has instituted a policy including a code of conduct and procedures that are intended to limit the risks of unpredictable adverse developments in the financial markets and thus for the financial performance of the foundation.

The currency risk for PAX largely consists of positions and future transactions in US dollars or currencies closely related to the US dollar. Management has determined that the cost of hedging these currency risks does not outweigh the benefits. PAX has no assets that are specifically sensitive to changes in price levels (such as investments in listed and non-listed equities). Surplus cash is conservatively secured in deposits with low interest risk. PAX has no significant credit risks. Receivables mainly relate to grants from solid governments or multilateral institutions. Given this low risk cash positioning PAX has secured a sound liquidity balance.

OFFSETTING FINANCIAL INSTRUMENTS

A financial asset and a financial liability are offset when the entity has a legally enforceable right to set off the financial asset and financial liability and the foundation has the firm intention to settle the balance on a net basis, or to settle the asset and the liability simultaneously. If there is a transfer of a financial asset that does not qualify for derecognition in the balance sheet, the transferred asset and the associated liability are not offset.

INTANGIBLE FIXED ASSETS

Intangible fixed assets are only recognized in the balance sheet when it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably. Intangible fixed assets (software and licences) are measured at acquisition cost, less accumulated amortization and impairment losses. Amortisation is calculated according to the straight-line method in 5 years. Expenditures made after the initial recognition of an acquired or constructed intangible fixed asset are included in the acquisition or construction cost if it is probable that the expenditures will lead to an increase in the expected future economic benefits, and the expenditures and the allocation to the asset can be measured reliably. If expenditures do not meet these conditions, they are recognised as an expense in the statement of income and expenses.

Prepayments on intangible fixed assets are valued at cost. Prepayments on intangible fixed assets are not amortised.

TANGIBLE FIXED ASSETS

Tangible fixed assets are recognised in the balance sheet when it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of that asset can be measured reliably. Tangible fixed assets are measured at acquisition cost, less accumulated depreciation and impairment losses. The cost comprises the price of acquisition or manufacture, plus other costs that are necessary to get the assets to their location and condition for their intended use. Expenditure is only capitalised when it extends the useful life of the asset. Depreciation is recognised in the statement of income and expenses on a straight-line basis (except for the IT equipment) over their estimated useful economic life time, taking into account any estimated residual value of the individual assets. No depreciation is recognised on land, tangible assets under construction and prepayments on tangible fixed assets. Depreciation starts as soon as the asset is available for its intended use, and ends at decommissioning or divestment.

The annual depreciation is recognised based on the following structure:

Installations: straight-line method in 10 years

Other fixed operating assets:

IT equipment - first year 40%, second year 30%, third year 20% and fourth year 10%

Furniture and other equipment - straight-line method in 5 years

Renovation (general): straight-line method in 10 years

Renovation St. Jacobstraat (due to rental period): straight-line method in 5 years

Prepayments on tangible fixed assets are valued at cost. Prepayments on tangible fixed assets are not amortised. Maintenance expenditures are only capitalised when the maintenance leads to extension of the useful life of the asset and/or future performance units regarding the asset. A provision is recognised for expected costs of periodic major maintenance to buildings and equipment.

FINANCIAL FIXED ASSETS

The other receivables included under financial fixed assets include loans and other receivables. These receivables are initially valued at fair value. Subsequently, these loans are valued at the amortized cost. If there is a discount or premium on the granting of loans, this is credited or charged to the result as part of the effective interest during the term. Transaction costs are also included in the initial valuation and charged to the result as part of the effective interest. Impairments are deducted from the statement of income and expenditure.

RECEIVABLES

The accounting policies applied for the valuation of receivables are described under the heading 'Financial instruments'. All receivables have an estimated maturity shorter than one year. The carrying values of the recognised receivables approximate their respective fair values, given the short maturities of the positions and the fact that allowances for doubtful debts have been recognised, if necessary.

RECEIVABLES FROM DONORS

Donor receivables relate to the positive difference between the income recognized related to the granted donor funds and the actual cash disbursements received (by PAX) from the donors as at

balance sheet date. The accounting policies applied for the recognition of this income from granted donor funds are described under the headings 'income from Lottery Organisations', 'Grants from governments', and 'funding from other non-profit organisations'. All receivables have an estimated maturity shorter than one year. The carrying values of the recognised receivables approximate their respective fair values, given the short maturities of the positions and the fact that allowances for doubtful debts have been recognised, if necessary.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents are stated at nominal value. If cash and cash equivalents are not readily available, this is taken into account in the measurement.

Cash and cash equivalents denominated in foreign currencies are translated at the balance sheet date in the functional currency at the exchange rate ruling at that date. Reference is made to the Principles for the Translation of Foreign Currencies.

CONTINUITY RESERVE

The continuity reserve is in place to secure PAX to meet its obligations in the long term, in case of stagnated income or after an incident with a major impact on expenses. The target level is determined by de Supervisory Board. The PAX policy on continuity reserve meets the requirements of the CBF.

EARMARKED RESERVE

Earmarked reserves are formed for special projects whose expenditure is covered from own resources. Earmarked reserves have limited spending options, the allocation is determined by the board when adopting the annual accounts or in the interim when deciding on special projects. Funds from the earmarked reserves are spent as soon as possible, but no later than two years. The basic principle is that the financial resources are quickly spent on the objective. Earmarked reserves must therefore generally be available for spending in the short term.

EARMARKED FUND

Earmarked funds have limited spending options indicated by third parties. Donations with a specific destination cannot always be spent in the same year in which they were received. The term of spending is usually agreed with the donors. With earmarked funds, it is not possible to change the destination without prior approval from the donors.

PROVISIONS

A provision is recognised when the foundation has a legal or constructive obligation, arising from past events, the amount can be estimated reliably and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Provisions are stated at the nominal value of the expenses that are expected to be required to settle the liabilities.

LIABILITIES

The valuation of liabilities and other financial commitments are described under the paragraph financial instruments. Liabilities related to grants received in advance and contractual obligations to partners (partner commitments) are presented under the current liabilities, except for those that are due or expected to be due after one year, which are presented under non-current liabilities. The accounting policies with regards to the grants received in advance are described in the paragraph 'Grants received in advance' and the accounting policies with regards to contractual obligations to partners are described in the paragraph 'Partner commitments'.

GRANTS RECEIVED IN ADVANCE

Grants received in advance relates to the negative difference between the actual cash disbursements by the donors and the income as recognised in relation with these donor grants as at balance sheet date. The accounting policies applied for the recognition of this income from donor grants are described under the headings 'Income from Lottery Organisations', 'Grants from governments', and 'Funding from other non-profit organisations'.

PARTNER COMMITMENTS

Partner commitments relate to the difference between the committed contractual amount for the partner (based on which the expenses are recognised) and the actual distributed cash payments to these partners as at balance sheet date.

DISTINCTION BETWEEN OPERATING AND FINANCE LEASES

A lease agreement under which the risks and rewards of ownership of the leased object are carried entirely or almost entirely by the lessee are classified as finance leases. All other leases are classified as operating leases. For the lease classification, the economic substance of the transaction is conclusive rather than the legal form. All lease contracts are operational leases.

Where the foundation acts as lessee in an operating lease, the leased property is not capitalised. Benefits received as an incentive to enter into an agreement are recognized as a reduction of rental expense over the lease term. Lease payments and benefits regarding operating leases are recognized to the statement of income and expenses on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern of the benefits from the use of the leased asset.

INCOME FROM INDIVIDUALS

Income from individuals consists of private fundraising, income from endowment funds and legacies. Donations are recognised in the period in which they are received or have been committed by the donor. Legacies are accounted for as soon as the amount of income can be reliably estimated.

INCOME FROM COMPANIES

Donations from companies are recognised as income in the period that they were received or have been committed by the donor. Grants from companies with a designated purpose and pay-back obligation for the foundation are recognised as income in the same reporting period in which the subsidised eligible expense is recognised.

INCOME FROM LOTTERY ORGANISATIONS

Unrestricted income from lottery organisations is recognised in the period that the donor commits the funds. Grants from lottery organisations with a designated purpose and pay-back obligation for the foundation are recognised as income in the same reporting period in which the subsidised eligible expense is recognised. Amounts received in advance are presented in the section 'Grants received in advance'.

GRANTS FROM GOVERNMENTS

Grants from governments with a designated purpose and pay-back obligation for the foundation are recognised as income in the same reporting period in which the subsidised eligible expense is recognised. Amounts received in advance (both current and non-current) are presented under deferred income.

FUNDING FROM OTHER NON-PROFIT ORGANISATIONS

Donations from endowment funds, churches and NGO organisations are recognised in the period in which they are received or have been committed by the donor. Grants from other non-profit organisations with a designated purpose and pay-back obligation for the foundation are recognised as income in the same reporting period in which the subsidised eligible expense is recognised. Amounts received in advance are presented in the section 'Grants received in advance'.

FINANCIAL GAIN/(LOSS)

Interest income is recognised in the statement of income and expenses in the period to which it belongs, using the effective interest rate method of the related asset. Interest expenses and similar charges are recognised in the period to which they belong.

COST ALLOCATION

Method of allocation of cost

Indirect costs are fully allocated pro rata of directly incurred personnel costs per objective / fundraising / management and administration.

Personnel cost

Salaries and employment conditions of PAX employees are based on the specific employment conditions of the Protestant Church Netherlands (CAO PKN).

Employee benefits during employment

Employee benefits are charged to the statement of income and expenses in the period in which the employee services are rendered and, to the extent not already paid, as a liability on the balance sheet. If the amount already paid exceeds the benefits owed, the excess is recognised as a current asset to the extent that there will be a reimbursement by the employees or a reduction in future payments by the foundation.

The liability for benefits during employment is measured at nominal value of the expenditure expected to be required to settle the obligation at the balance sheet date. The best estimate is based on contractual agreements with employees (collective agreement and individual employment contract).

TERMINATION BENEFITS

Termination benefits are employee benefits provided in exchange for the termination of the employment. A termination benefit is recognised as a liability and an expense when the foundation is demonstrably and unconditionally committed to make the payment of the benefit. Termination benefits are measured in accordance with their nature. Termination benefits are measured at the best estimate of the expenditures required to settle the liability.

SALARIES OF SENIOR EXECUTIVES

Senior executives require explicit reporting according the Dutch WNT (Wet normering topinkomens) guidelines and the Reporting Directive for Fundraising Institutions guidelines (following an additional format).

PENSIONS

Pensions are part of the employees' benefits. The main principle is that the pension charge to be recognised for the reporting period is equal to the pension contributions payable to the

pension fund over the period. In so far as the payable contributions have not yet been paid as at balance sheet date, a liability is recognised. If the contributions already paid exceed the payable contributions as at balance sheet date, a receivable is recognised to account for any repayment by the fund or settlement with contributions payable in future.

If, on the basis of the administration agreement with respect to the multi-employer plan, there is an obligation at balance sheet date, a provision is recognised when it is probable that the measures, which are necessary for the recovery of the existing funding ratio at balance sheet date, will result in an outflow of resources and the amount thereof can be estimated reliably.

The employees of PAX in the Netherlands have a pension scheme which is administered by pension fund Zorg en Welzijn. This pension scheme is a conditionally indexed average-salary scheme. Entitlements and rights granted are only indexed (adjusted in line with increase in prices) if and to the extent that the pension provider has sufficient resources and has decided accordingly. The board may decide to reduce the entitlements if the pension provider's position so dictates. The coverage of the sector pension as at 31 December, 2021 is stated at 99.7%.

CASH FLOW STATEMENT

The cash flow statement is prepared using the indirect method. Cash and cash equivalents include cash and investments that are readily convertible to a known amount of cash without a significant risk of changes in value.

Foreign currency cash flows are translated into euros using the exchange rates on the date of the transaction. Foreign exchange differences with regard to cash and cash equivalents are presented separately in the cash flow statements.

Receipts and payments of interest are presented within the cash flow from operating activities. Transactions that do not include an exchange of cash and cash equivalents, such as finance leases, are not included in the cash flow statement.

RELATED PARTIES

Transactions with related parties are assumed when a relationship exists between the foundation and a natural person or entity that is affiliated with the foundation. This includes, amongst others, the relationship between the foundation and its affiliated foundations, directors and key management personnel. Transactions are transfers of resources, services or obligations, regardless whether anything has been charged.

Transactions with related parties are disclosed if they have not been entered into at arm's length. Disclosed are the nature and amounts involved with such transactions, and other information that is deemed necessary for an insight into the transactions.

For the remuneration of the Board of Directors and Supervisory Board members, please refer to section 1.5 of the management report.

SUBSEQUENT EVENTS

Events that provide further information on the actual situation at the balance sheet date and that appear before the financial statements are being prepared are recognised in the financial statements.

Events that provide no information on the actual situation at the balance sheet date are not recognised in the financial statements. When those events are relevant for the economic decisions of users of the financial statements, the nature and the estimated financial effects of the events are disclosed in the financial statements.

Date of preparation of financial statements: 13 March 2022

3.5 Explanation of the balance sheet

	31 December 2021	31 December 2020	
	€	€	
1. Intangible fixed assets			
Balance as at 31/12 *			
Software	180,687	112,253	
Licences	-	570	
	180,687	112,823	
Movement in intangible fixed assets:			
	Software	Licences	Total
Balance as at January 1			
Purchase price	163,293	34,997	198,290
Accumulated amortisation	-51,040	-34,427	-85,467
Carrying amount	112,253	570	112,823
Changes in carrying amount			
Investments	114,401	-0	114,401
Desinvestments	-0	-14,132	-14,132
Amortisation	-45,967	-570	-46,537
Amortisation desinvestments	-0	14,132	14,132
Balance	68,434	-570	67,864
Balance as at December 31			
Purchase price	277,694	20,865	298,559
Accumulated amortisation	-97,007	-20,865	-117,872
Carrying amount	180,687	-0	180,687

*) Software and licences are regular enterprise software and licences..

EXPLANATION OF THE BALANCE SHEET (CONT.)

	31 December 2021	31 December 2020	
	€	€	
2. Tangible fixed assets			
Balance as at 31/12			
Renovation	68,529	265,590	
Other fixed operating assets	31,520	32,036	
	100,049	297,626	
Movement in tangible fixed assets			
	Renovation	Other fixed operating assets	Total
Balance as at 1 January			
Purchase price	1,008,523	646,278	1,654,801
Accumulated depreciation	-742,933	-614,242	-1,357,175
Carrying amount	265,590	32,036	297,626
Changes in book value			
Investments *	-0	12,068	12,068
Desinvestments	-3,093	-54,310	-57,403
Depreciation	-197,061	-12,584	-209,645
Depreciation desinvestments	3,093	54,310	57,403
Balance	-197,061	-516	-197,577
Balance as at 31 December			
Purchase price	1,005,430	604,036	1,609,466
Accumulated depreciation	-936,901	-572,516	-1,509,417
Carrying amount	68,529	31,520	100,049

*) Investments in office equipment, workstations and laptops, renewal and enlargement of server capacity.

EXPLANATION OF THE BALANCE SHEET (CONT.)

	31 December 2021	31 December 2020
	€	€
3. Financial fixed assets		
Balance January 1	376.784	-
Loan Stichting Katholieke Vredesbeweging	-	416.000
Interest	7.536	39.216-
Balance 31 December	384.320	376.784

The loan, in principal €416,000, has a maximum term of 5 years and is valued at the amortized cost on the basis of the effective interest rate of 2%. The loan is accrued annually up to the amount of €416,000

4. Receivables from related entities

Stichting Katholieke Vredesbeweging	71,527	29,256
Foundation Pax Colombia	31,675	-
Stichting IKV	-	58
Vereniging Pax Christi	-	9,039
	103,202	38,353

5. Receivables from donors

Ministry of Foreign Affairs regarding SP Dialogue and Dissent	-	255,745
Dutch Embassy Juba - Action Plan for Peace	78,456	155,952
Bureau of Democracy, Human Rights and Labor	915,065	655,466
Other receivables from donors	1,730,660	1,623,386
	2,724,182	2,690,549

6. Other receivables and prepayments

Prepaid salaries and pension contributions	38,895	47,656
Amnesty International alliance partner	111,699	116,789
Other receivables and prepayments	200,079	153,176
	350,674	317,621

7. Cash and Cash equivalents

Deposits	1,761,660	3,668,199
Credit balances on Dutch bank accounts	4,741,338	8,473,013
Credit balances on foreign bank accounts	26,432	33,601
Cash balances	48,354	53,163
	6,577,784	12,227,976

With the exception of a bank guarantee of €116,000, the cash and cash equivalents balances are immediately accessible.

EXPLANATION OF THE BALANCE SHEET (CONT.)

	31 December 2021	31 December 2020
	€	€
8. Continuity reserve		
Balance 1 January	2,330,625	2,330,625
Addition to continuity reserve	683,041-	-
Balance 31 December	1,647,584	2,330,625

PAX determines the desired size of its continuity reserve annually based on risks perceived, and the analysis is approved by its Supervisory Board. A recent analysis concluded in a required level of the continuity reserve of €2.8 million. The required level fits the actual size of the continuity reserve as per the balance date, taking into account the guarantee issued by Vereniging Pax Christi of €1,160,000. The continuity reserve is lower than the maximum standard of 1.5 times the annual costs of the work organisation, that is €15,659,000 which is considered acceptable by the guideline of Goede Doelen Nederland.

EXPLANATION OF THE BALANCE SHEET (CONT.)

	31 December 2021	31 December 2020
	€	€
9. Earmarked reserves		
Balance 1 January	148,208	-
Addition to earmarked reserve	125,000	148,208
Abstraction on earmarked reserve	74,000-	-
Balance 31 December	199,208	148,208

	31 December 2020	Additions	Abstractions	31 December 2021
	€	€	€	€
Earmarked reserve formed to cover deficits on current projects	148,208	-	74,000-	74,208
Earmarked reserve to cover costs of organisational development	-	125,000	-	125,000
	148,208	125,000	74,000-	199,208

The earmarked reserves are available for spending in the short term.

EXPLANATION OF THE BALANCE SHEET (CONT.)

	31 December 2021	31 December 2020
	€	€
10. Earmarked funds		
Balance 1 January	24,909	-
Addition to earmarked fund	93,387	24,909
Abstraction on earmarked fund	36,203-	-
Balance 31 December	82,093	24,909

	31 December 2020	Additions	Abstractions	31 December 2021
	€	€	€	€
In 2020 an earmarked fund has been formed from donations from individuals from targeted campaigns to raise funds	24,909	-	-	24,909
In 2021 PAX received a legacy totalling	-	93,387	36,203-	57,184
	24,909	93,387	36,203-	82,093

The legacy will be spent in 2022, however the contract with the foreign cooperating partner has been agreed in 2021.

This has resulted in a withdrawal from the fund in 2021 of €36.203.

The funds will be used in 2022.

11. Long term liabilities

Partner commitments	295,107	868,170
Rental discount on office St. Jacobsstraat	-	16,120
	295,107	884,290

12. Grants received in advance

Ministry of Foreign Affairs regarding SP Strengthening Civil Courage	814,918	5,000,000
Ministry of Foreign Affairs regarding SP Women, Peace and Security	18,859	-
Ministry of Foreign Affairs other subsidy commitments	2,163,244	2,267,887
Payment obligation allotted grants	403,399	1,185,000
	3,400,420	8,452,887

13. Partner commitments

Partner commitments	2.837.472	1.760.498
Commitments to related entities	-	265.582
	2.837.472	2.026.080

EXPLANATION OF THE BALANCE SHEET (CONT.)

	31 December 2021	31 December 2020
	€	€
Overview of the partner commitments		
Balance as at 1 January	2,884,654	3,679,533
Contracted	5,805,942	4,042,048
Release commitments	579,860-	1,249,368-
Payments	5,076,745-	3,552,571-
Other mutations	12,670	34,988-
Balance as at 31 December	3,046,661	2,884,654

Receivables from (commitments to) related entities included	31,675	265,582-
Other receivables included	54,243	9,596

Partner commitments	3,132,579	2,628,668
Long term liabilities	295,107	868,170
Short term liabilities	2,837,472	1,760,498
	3,132,579	2,628,668

14. Other liabilities *)

Payroll taxes and social security contribution	598,775	640,065
Reservation for leave days and holiday allowance	571,536	712,739
Payable salaries and pension contributions	12,175	66,455
Commitments to related entities IKV and Pax Christi	2,728	-
Other debts, accruals and deferred income	166,045	403,609

*) No other liabilities due after more than one year.

1,351,259

1,822,868

3.6 Off-Balance Sheet Assets and Liabilities

GUARANTEES

PAX has provided a bank guarantee of € 116,000 to the lessor of the office location St. Jabobsstraat, Utrecht.

COMMITMENTS	<1 year	1 – 5 years	>5 years
Lease of equipment	€ 18,136	€ 37,368	€ 0
Office rent	€ 329,787	€ 1,429,066	€ 0
Service contracts	€ 20,780	€ -0	€ 0

SUBSEQUENT EVENTS

No events have occurred between the balance date and the date on which the Supervisory Board adopted the annual accounts, which would affect the 2021 annual of the conditions of PAX at the end of the financial year or thereafter.

3.7 Explanation of the income and expenses account

	Actual 2021 €	Budget 2021 €	Actual 2020 €
15. Income from individuals			
Donations	500,398	590,000	484,004
Legacies	96,422	- 0	32,554
	596,820	590,000	516,558
16. Income from companies			
Donations and charity discounts	916	- 0	44,304
	916	- 0	44,304
The income from companies is mainly incidental by nature.			
17. Income from lottery organisations			
National Postcode Lottery: regular contribution	500,000	500,000	500,000
National Postcode Lottery: project Lessons in Peace	- 0	- 0	23,350
National Postcode Lottery: Truth & Justice for victims in Colombia	523,736	588,225	475,206
National Postcode Lottery: project Story of the Refugee	2,169		170,187
	1,025,905	1,088,225	1,168,743
18. Grants from governments			
Ministry of Foreign Affairs regarding SP Dialogue and Dissent	190,747	- 0	8,747,591
Idem, regarding SP Strengthening Civil Courage (PoV)	7,259,887	8,074,808	- 0
Idem, regarding SP Al-thara untha -The Revolution is Female (WPS)	337,020	327,883	- 0
Dutch Embassy Juba - Action Plan for Peace	617,144	590,033	730,458
Other Dutch Government	3,842,531	2,000,000	3,412,780
Foreign Governments	2,664,544	6,195,390	1,312,707
	14,911,874	17,188,114	14,203,536
The Strategic Partnership on Strengthening Civil Courage allocated an amount totaling €57,024,708 for the Alliance for the period 2021 through 2025. This grant is part of a strategic partnership under Power of Voices partnership fund. Due to the corona epidemic, spending has lagged behind the budget, many activities and related trips could not take place.			
19. Funding from other non-profit organisations			
Income from related entities	101,820	110,000	103,983
Joseph Rowntree Charitable Trust	54,937	- 0	41,250
Other endowment funds	392,044	1,000,000	186,699
Other NGO organisations	776,225	1,000,000	723,669
	1,325,026	2,110,000	1,055,601

EXPLANATION OF THE INCOME AND EXPENSES ACCOUNT (CONT.)

20. Expenses on the objective

Expenses on the objective were subdivided by project over five categories. All costs were assigned to the programmes. See the table: Itemisation of expenses (Appendix 3).

	Direct costs 2021 €	Release commitm. 2021 €	Indirect costs 2021 €	Actual 2021 €	Budget 2021 €	Actual 2020 €
Programme costs(x €1,000)						
Inclusive peacebuilding	10,656	-464	1,781	11,973	-0	-0
Community-based security and citizens rights				-0	12,381	4,632
Dealing with the Past				-0	-0	1,904
Humanitarian Disarmament	987	-0	381	1,368	1,445	1,139
Natural resources and conflict	627	-107	171	692	2,116	766
Protection of Civilians	1,858	-8	379	2,229	2,491	2,148
Peace activism and Advocacy				-0	-0	3,643
	14,128	-580	2,712	16,261	18,434	14,232

Details are shown in Table Itemisation of expenses.

Percentages spent

Sum of expenses (x €1,000)	18,421	20,946	16,746
Percentage spent on objective in relation to sum of expenses	88.3%	88.0%	85.0%

21. Fundraising

Cost of fundraising, as percentage of total income	4.9%	5.8%	7.1%
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22. Management and administration

Management and adm. costs, as percentage of total income	6.8%	6.2%	7.7%
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	Actual 2021 €	Budget 2021 €	Actual 2020 €
23. Financial gain/(loss)			
Interest income	-0		14
Interest expenses	-60,032	-30,000	-13,644
Payment charges	-1,648		-15,925
Exchange differences	39,987		-715
Interest loan (agio)	7,536		-39,216
	-14,157	-30,000	-69,486

24. Appropriation of result

On 20 April 2022, the Supervisory Board of PAX Foundation discussed the annual report and the financial statements for 2021.

In accordance with article 14.3 of the articles of association of PAX, the Supervisory Board adopted the annual report and the annual accounts of PAX, including the proposed appropriation of the result. The members of the Supervisory Board as per April 2022

are E.J.D. Nazarski, T.L.C.M. Groot, E.J. Kant, F. Karimi, D. Naumovska and J.E. Nijman. The articles of association provide guidance about the appropriation of the result in stating that the foundation shall not keep more reserves than reasonably necessary for its continuity, as determined by the Managing Director. Article 4.2: "De stichting houdt niet meer vermogen aan dan redelijkerwijs nodig is voor de continuïteit van de voorziene werkzaamheden ten behoeve van haar doelstelling."

EXPLANATION OF THE INCOME AND EXPENSES ACCOUNT (CONT.)

	Actual 2021 € x 1,000	Actual 2020 € x 1,000
Specification of personnel cost		
Gross salaries	5,717	6,413
Social security contributions	1,008	1,221
Pension	598	615
	7,323	8,248
Other personnel cost	1,219	782
Total personnel cost	8,542	9,030
Explanation of changes		
Change in personnel cost	925-	
Change in other personnel cost	437	
Total change in personnel cost	488-	
	Actual 2021	Actual 2020
Employees (in FTE)		
Average # of FTEs in the Netherlands	91.5	103.6
Number of FTEs at the end of the year in the Netherlands	83.1	102.0
Average # of FTEs in other countries	13.3	15.8
Number of FTEs at the end of the year in other countries	14.0	14.0
Average # of FTEs Total	104.8	119.4
Number of FTEs at the end of the year Total	97.1	116.0
Change in number of FTEs at the end of the year in the Netherlands	-18.9	-6.7
Change in number of FTEs at the end of the year in other countries	0.0	2
Total change in FTEs at the end of the year	-18.9	-4.7

Salary costs fell sharply as a result of the decrease in the number of FTEs. This was partly the result of unfilled vacancies. As a result, the costs of hiring staff rose. This is reflected in the increase in other personnel costs. The collective increase in salaries on the basis of the CAO PKN amounted to an average of 1%.

Appendix 1

REMUNERATION OF SENIOR EXECUTIVES (FORMAT GOEDE DOELEN NEDERLAND)

According Dutch reporting standards, the remuneration of senior executives for NGO organisations has to be drawn up following the legislation WNT. For PAX the branch guidelines Goede Doelen are also applicable. Remuneration of PAX senior executives complies with both the WNT legislation and the guidelines of Goede Doelen Nederland.

NAME	A. TIMMERMAN	M. STRUYK	R.T.J. VAN DELFT	M.M. VAN 'THEK	A.J.M. DE JONG
Position	General Director	Director	Director	Interim Director	Interim Director
Nature of employment	permanent	permanent	permanent	temporary	contract
Hours	38	38	38	38	38
Parttime percentage	95	95	84	78	68
Period	01.01-31.12	01.01-31.12	01.01-30.11	21.06-31.12	18.10-31.12
Remuneration (EUR)					
Gross salary	91,436	83,469	68,652	35,813	39,327
Holiday allowance	7,254	6,648	8,915	2,660	0
Year-end allowance	0	0	5,674	2,759	0
Total annual income	98,690	90,117	83,241	41,232	39,327
					VAT included
Pension costs	12,562	11,348	10,072	0	0
Total 2021	111,252	101,465	93,313	41,232	39,327
Total 2020	112,578	107,950	96,057	0	0

The annual income of the individual members of the Board of Directors (employed) remains within the maximum of €118,760 (A. Timmerman), €106,518 (M. Struyk), €86,185 (R.T.J. van Delft) and €46,484 (M.M. van 't Hek) according to the 'Regeling beloning directeuren van goededoelenorganisaties'. The annual income, the taxed allowances/additions, the pension costs, the pension compensation and the other long-term benefits together also remain within the maximum of €209,000 per year included in the Regeling. For an explanation of the policy and the principles for the management remuneration, please refer to section 1.5 of the management report.

Explanation:

In 2021, the total remuneration was higher due to the departure of the Director of Organization on 30/11 and the long-term illness of the Director of Programmes. This made it necessary to arrange a temporary replacement.

Appendix 2

REMUNERATION OF SENIOR EXECUTIVES (FORMAT WNT)

According Dutch reporting standards, the remuneration of senior executives for NGO organisations has to be drawn up following the legislation WNT. For PAX the branch guidelines Goede Doelen are also applicable. Remuneration of PAX senior executives complies with both the WNT legislation and the guidelines of Goede Doelen Nederland.

Table 1a. Senior executives with an employment contract, plus executives contracted on an interim basis (as of 13 months of service).

AMOUNTS X € 1	A. TIMMERMAN	M. STRUYK	R.T.J. VAN DELFT	M.M. VAN 'T HEK
Position	General Director	Director	Director	Interim Director
Duration of position in 2021	01.01-31.12	01.01-31.12	01.01-30.11	21.06-31.12
Size of employment (in FTE)	1.0	1.0	0.89	0.82
Contracted employment?	Yes	Yes	Yes	Yes
Remuneration 2021				
Remuneration plus taxable expenses	€ 8,690	€90,117	€83,241	€41,232
Rewards affordable over time	€12,562	€11,348	€10,072	€ 0
Subtotal	€111,252	€101,465	€93,313	€41,232
Applicable maximum	€209,000	€209,000	€170,000	€91,090
-/- Unduly paid and not yet refunded amount	n.a.	n.a.	n.a.	n.a.
Total remuneration	€111,252	€101,465	€93,313	€41,232
The amount of the overrun and the reason why the overrun is allowed or not	n.a.	n.a.	n.a.	n.a.
Explanation of the claim for undue payment	n.a.	n.a.	n.a.	n.a.
Remuneration 2020				
Duration of position in 2020	06.01-31.12	01.01-31.12	01.01-31.12	
Size of employment (in FTE)	1.0	1.0	0.9	
Contracted employment?	Yes	Yes	Yes	
Remuneration plus taxable expenses	€99,970	€96,389	€85,788	
Rewards affordable over time	€12,608	€11,562	€ 0,269	
Subtotal	€112,578	€107,950	€96,057	
Applicable maximum	€198,254	€201,000	€178,667	
Total remuneration 2020	€112,578	€107,950	€96,057	

Appendix 2 (CONT.)

Table 1b. Senior executives contracted on an interim basis

Amounts x € 1	A.J.M. de Jong
Position	Interim Director
Year	2021
Duration of position	18.10-31.12
Number of months	3.0
Size of employment in hours	286
Applicable maximum	
Maximum hourly rate	€199
Maximum based on the standard amounts per month	€83,100
Applicable maximum entire period	€56,914
Remuneration (all amounts exclusive of VAT)	
Actual hourly rate lower than the maximum hourly rate?	Yes
Remuneration	€32,175
-/- Unduly paid and not yet refunded amount	n.a.
Total remuneration	€32,175
The amount of the overrun and the reason why the overrun is allowed or not	n.a.
Explanation of the claim for undue payment	n.a.

Table 1d. Senior supervising and former executives with remuneration of €1,700 or less.

DATA 2021

Name	Position
W.E. Bakker	member of the Supervisory Board
P. van der Veer	chair of the Supervisory Board
T.L.C.M. Groot	member of the Supervisory Board
J.E. Nijman	member of the Supervisory Board
F. Karimi	member of the Supervisory Board
E.J.D. Nazarski	chair of the Supervisory Board
E.J. Kant	member of the Supervisory Board
D. Naumovska	member of the Supervisory Board

Supervisory board members do not receive remuneration.

Appendix 3

TABLE ITEMISATION OF EXPENSES IN €

EXPENSES	EXPENSES ON THE OBJECTIVE				FUNDRAISING	M & A COST	Total 2021	Budget 2021	Total 2020
	Inclusive peacebuilding	Humanitarian Disarmament	Natural Resources Conflict & Human Rights	Protection of Civillians	Fundraising	Management & Administration			
a Grants and contributions	4,696,889	42,721	109,411	384,734			5,233,756	4,996,412	3,480,994
b Procurement	909,480	68,958	54,867	395,250			1,428,555	4,437,124	1,073,468
c Outsourcing	747,883	140,078	27,508	205,248			1,120,717	548,821	779,627
d Publicity and promotion	130,468	27,882	12,551	27,789	184,733	26,483	409,906	517,000	470,409
e Staff expenses	4,652,790	909,613	406,884	1,037,981	613,267	920,647	8,541,183	8,723,187	9,029,875
f Housing expenses	436,418	93,266	41,983	92,954	54,519	88,586	807,727	555,000	591,516
g Office and general expenses	262,360	56,069	25,239	55,881	32,775	194,918	627,241	846,195	1,060,231
h Depreciation	136,242	29,116	13,106	29,019	17,020	27,655	252,158	322,600	260,019
Total	11,972,530 65.0%	1,367,703 7.4%	691,549 3.8%	2,228,857 12.1%	902,315 4.9%	1,258,288 6.8%	18,421,241	20,946,339	16,746,140

Explanation of to expenses and distribution:

- a Commitments to partner organisations with whom we work when carrying out projects
- b Direct programme costs, i.e. purchasing, hiring, travel and accommodation expenses
- c Hiring specialists for research and reporting
- d The Publicity and promotion costs include information costs to the amount of €225,173
- e-h The total cost of the organisation is based on the actually realised personnel costs in 2021, allocated to the above mentioned TOCs (direct) and cost types (indirect)

APPROVAL OF THE FINANCIAL REPORT AND APPROPRIATION OF RESULT

Date: 20 May 2022

Supervisory Board

Eduard Nazaraski

Tom Groot

Elise Kant

Farah Karimi

Dushica Naumovska

Janne Nijman

Board of Directors

Anna Timmerman

Miriam Struyk

4. Other Information

4.1 Branches

In 2021, PAX maintained branch offices in Juba (South Sudan) and Erbil (Iraq). Besides these offices and the main office in Utrecht (the Netherlands), we have also staff based in Beirut (Lebanon), Brussels (Belgium) and New York City (USA). A separate legal entity, PAX Colombia, is based in Bogota (Colombia).

4.2 Independent Auditor's Report

Independent auditor's report

To the executive board and the supervisory board of
Stichting Vredesbeweging PAX Nederland

Report on the audit of the financial statements 2021 included in the annual report

Our opinion

We have audited the financial statements 2021 of Stichting Vredesbeweging PAX Nederland, based in Utrecht.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Stichting Vredesbeweging PAX Nederland as at 31 December 2021, and of its result for 2021 in accordance with the Guideline for annual reporting 650 "Fundraising organisations" of the Dutch Accounting Standards Board and the requirements of the Wet Normering Topinkomens (WNT).

The financial statements comprise:

1. the balance sheet as at 31 December 2021;
2. the statement of income and expenses for the year 2021; and
3. the notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing and the 'Controleprotocol WNT 2021'. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of Stichting Vredesbeweging PAX Nederland in accordance with Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Unaudited compliance with the anti-cumulation clause in the WNT

In accordance with the 'Controleprotocol WNT 2021' (Audit instructions WNT 2021) we did not audit the anti-cumulation clause referred to in Section 1.6a of the WNT and Section 5, subsection 1, parts n and o of the 'Uitvoeringsregeling WNT'. Consequently, we did not verify whether or not the maximum salary norm has been exceeded by a 'leidinggevende topfunctionaris' (managing senior official) due to possible employment at other institutions subject to the WNT, and whether the WNT-disclosure as required in relation to this clause is accurate and complete.

Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- Foreword;
- Management Report;
- Report by the Supervisory Board;
- Other Information.

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains the information as required by Guideline for annual reporting 650 "Fundraising organisations".

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

The executive board is responsible for the preparation of the other information in accordance with the Guideline for annual reporting 650 "Fundraising organisations".

Description of responsibilities regarding the financial statements

Responsibilities of the executive board and the supervisory board for the financial statements

The executive board is responsible for the preparation and fair presentation of the financial statements in accordance with the Guideline for annual reporting 650 "Fundraising organisations" and the requirements of the WNT. Furthermore, the executive board is responsible for such internal control as the executive board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the executive board is responsible for assessing the organization's ability to continue as a going concern. Based on the financial reporting framework mentioned, the executive board should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the organization or to cease operations, or has no realistic alternative but to do so. The executive board should disclose events and circumstances that may cast significant doubt on the organization's ability to continue as a going concern in the financial statements.

The supervisory board is responsible for overseeing the organization's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

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. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements, independence requirements and the 'Controleprotocol WNT 2021'.

Our audit included e.g.:

- identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining 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;
- obtaining 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 organization's internal control;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the executive board;
- concluding on the appropriateness of the executive board use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the organization'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 an organization to cease to continue as a going concern;
- evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We provide the supervisory board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Rotterdam, 20 May 2022

Mazars N.V.

Original has been signed by: drs. D.D. Plouvier RA



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