

Annual Report 2018

Stichting Vredesbeweging PAX Nederland



PAX
www.paxforpeace.nl

Cover photo

Taken during the Youth Peace Tour 2018 by Cinta Depondt, PAX

With fifteen (potential) youth leaders PAX travels through the Ukraine, reflecting on political and personal development.

The main activity of this project is the travel itself, during which different smaller activities take place. As many Ukrainians have not travelled much outside their own region, the activity of 'travelling' itself is valuable. By doing so, and through the conversations within the group and with host communities, the participants learn more about their own country, which can lead to a greater feeling of interconnectedness.



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1. Management report 2018

1.1 Vision, central values, mission and objectives

Vision

It is our conviction that every person has a right to a dignified life. We believe that human dignity is the basis for peace and justice, and that every person has the right to live free from fear. We consider peace a verb: a task assigned to us all. We therefore show our solidarity with peace activists and victims of war and violence. We support local communities and civil society organisations that are willing to go the extra mile for the right to human security and who try to end conflict with sustainable solutions anchored in international law.

Central values

Human dignity, solidarity and the common good shape the values of our peace work. Ultimately, they are the criteria that define the quality of our peace work, the critical eye for exposing, interpreting and tackling social injustice and violence against human life and the foundation of human rights.

Human dignity is the basis for our solidarity with people who long for and work towards a peaceful and dignified existence. We always keep the common good in mind and are not distracted by private, party political or national interests.

PAX is rooted in the Christian tradition and inspired by a prophetic call to peace and justice. We are catalysts for critical reflection on current political and social trends, and play an active role in them. This tradition has truth as a basis, justice as a standard, love as inspiration and freedom as a hallmark, and its aim is to serve the common good, for all people and the whole individual. The call for peace can also be heard in other religious and humanitarian traditions. This is why we work together with all people of good will who share our ideal and have the courage to stand up for peace. We are supported by a wide group of involved citizens, social organisations and churches.

Mission

PAX works with committed civilians and partners in fragile and conflict-affected situations to protect human security, to prevent and end armed violence, and to build peace with justice.

The decision to protect civilians against war violence does not mean that we take war for granted. On the contrary, we think that reducing armed violence, humanitarian disarmament and banishing war are the best protection against war violence and the first conditions for human security, which ensures the protection of civilians and their safety.

Objectives

Themes

To achieve our mission we work on five themes in 15 countries in the Middle East, North-east and Central Africa, Europe and Latin America and at the international level. An organisation-wide theory of change has been developed for each of these themes. The five themes are:

1. Community-based Security & Citizens' Rights (CBSCR)
2. Dealing with the Past (DwtP)
3. Protection of Civilians (PoC)
4. Natural Resources, Conflict & Human Rights (NRC&HR)
5. Humanitarian Disarmament (HumDis)

Strategic objectives

Each of these five themes has a particular theory of change that specifies how interventions will cause actors to change their behaviour and how these changes will help us to achieve our strategic objectives.

Each theme has between one and three strategic objectives. The five themes, and their associated strategic objectives, are:

Community Based Security & Citizens' Rights

- Civic change agents and their communities act as peacekeeping and human rights actors, and contribute to social cohesion by facilitating dialogue and negotiation processes between and within (antagonistic) communities.
- Civic change agents engage with their government or increase the pressure on their government to reform into responsive and legitimate institutions which protect security and human rights.
- Civic change agents mobilise the international community to effectively put pressure on governments to improve the enabling environment for civic activism and to realise human rights.

Dealing with the Past

- Local and national authorities, as well as the international community, help to establish processes of truth finding, justice and remedy that are as inclusive as possible, partly on the basis of the wishes and grievances of victims and communities, thus reducing the risk of reversion to violent conflict.

Protection of Civilians

- The UN and its member states carry out their interventions to protect civilians on the basis of the local security priorities of citizens and their communities.

Natural Resources, Conflict & Human Rights

- Companies and governments should exploit natural resources in a responsible manner, whereby security and the human rights of civilians are respected and protected.
- Civilians in areas where the exploitation of natural resources involves or has involved the violation of human rights and resulted in violent conflict should be able to effectively claim their rights and obtain a remedy in a peaceful manner.

Humanitarian Disarmament

- States, companies and other actors should help to effectively regulate and significantly reduce the trade and deployment of banned and controversial weapons, which act as an external stress factor in armed conflict and violations of international humanitarian law and impede sustainable development.

Transformative processes

Our projects and programmes in the five thematic areas contribute to five transformative processes that we consider essential to achieving the change we envisage in the countries where we work.

These five transformative processes are:

1. Organising and mobilising civil activism
2. Strengthening social cohesion within society and between and among hostile groups
3. Promoting government reforms to create responsive and legitimate public institutions
4. Mobilising support from the international community
5. Mitigating external stress factors

Interventions

PAX uses different interventions and instruments to achieve results on the five main themes and to contribute to transformative change. The *how* of our work depends on the context in the countries where we operate our programmes. To increase effectiveness, our interventions are often linked and interrelated. We focus on the following six interventions:

1. Capacity building
2. Research and monitoring
3. Building bridges between (antagonistic) groups
4. Facilitating dialogue
5. Lobbying
6. Public campaigns

1.2 Risks and uncertainties

PAX has formalised its risk analysis. The risks are re-assessed every year according to actual and anticipated changes in the five categories below. Based on the updated risk assessment the required level of the continuity reserve has been calculated as €3.5 to €4 million (2017: €3.4 to €4 million).

The required level matches the actual size of the continuity reserve (being €1.6 million) as per the balance date, taking into account the guarantees issued (being €2.3 million).

A recent update has not led to the identification of new risks. The updated risk analysis has been presented to and approved by the Supervisory Board.

The **financial risk (by far the no. 1 risk)** relates to the ability to absorb financial shocks in the financing of our work. One grant from the Dutch government accounts for 68% of PAX's total income. It is uncertain to what extent the current period of this grant, which runs from 2016–2020, will be prolonged by a new 5-year period. However, the situation looks promising.
Mitigation: Our strategy to diversify funds aims to limit our dependency on a single dominant grant. Furthermore, we are doing our utmost to put ourselves in the best possible position to ensure prolongation of this grant after 2020.

We estimate the **risk regarding data privacy and data protection (2nd)** as being higher than before, based on the increase in incidents in this area in the Netherlands and worldwide.

Mitigation: devote continuous attention to data security.

We estimate the **political and social risks (3rd)** as being slightly lower, as a result of a recalculation of their potential impact.

Mitigation: Continue the ongoing networking and advocacy efforts by PAX's programme leaders and management.

We calculate the **risk regarding personnel and the organisation (4th)** as being about the same.

Mitigation: Implement HR strategy towards flexible contracts following the PAX funding pattern for 2016–2020.

We estimate the **risk of fraud and corruption (5th)** as being the same.

Mitigation: Make continuous efforts to raise awareness of potential integrity risks as well as improve policies and code of conduct.

1.3 Achieving objectives

The above-mentioned strategic objectives can only be achieved in cooperation with other actors. Depending on the objective and specific project, PAX cooperates with partner organisations in the programme countries, with like-minded organisations in the Netherlands and Europe, and in broader international coalitions. A strategic cooperation agreement has been reached with Amnesty International Nederland.

Selection of programmes and projects

The choice of programmes is guided by our mission and more specifically by the five themes defined in the Strategic Framework 2016–2020. For each thematic programme a generic theory of change has been developed that steers the design of specific projects. Projects are prioritised based on context analyses, existing or potential partner networks, potential PAX added value and financing opportunities.

Monitoring & Evaluation

The implementation of each project is guided by a project-specific theory of change, which outlines the strategic objectives, key actors, changes needed to achieve the objectives, interventions and underlying assumptions. The programme staff reports annually on progress, achievements and the necessary or desirable adjustments to project design, either because of changes to a project's context or based on new insights gained during the implementation of a project.

In its annual monitoring of results, PAX uses outcome harvesting. According to this methodology an inventory is made of changes relevant for achieving a project's objectives (think, for instance, of changes in behaviour by key actors). The contribution by PAX and its partners is made plausible by explaining the story behind the changes and documenting available evidence.

In 2018 a screening of the entire project portfolio took place, which enhanced the focus and shifted the emphasis in programmes.

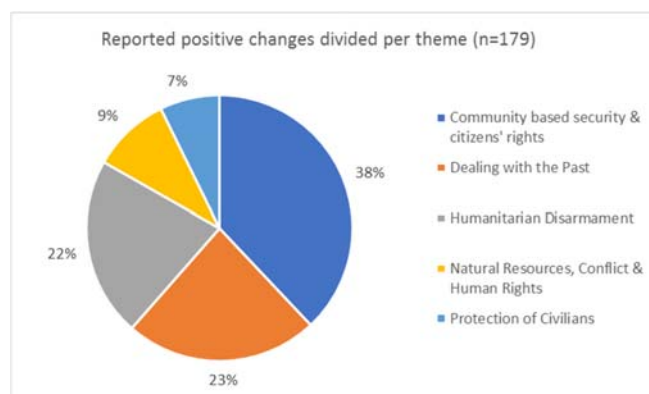
Regular monitoring is largely an internal exercise based on self-assessment and peer assessment by and amongst programme staff. We aim to have external evaluations performed as well, especially in multi-annual projects. During 2018, eight evaluation processes were initiated, three evaluation reports were finalised, and five are scheduled to follow in early 2019.

Results

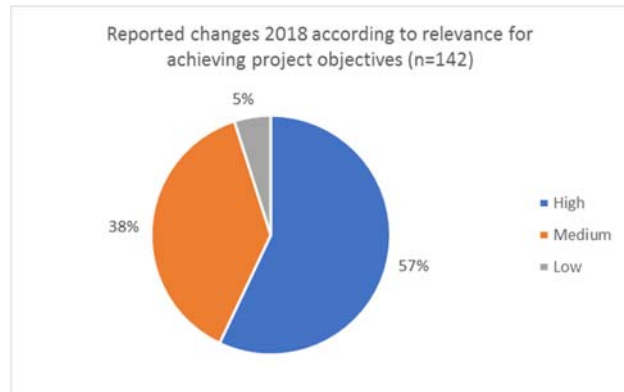
As stated above, outcome harvesting is our methodology for monitoring results against the stated objectives. Cross-cutting all of our projects and programmes is our specific emphasis on gender and capacity building in our partner organisations in the conflict-affected countries where we work. Finally, progress in our projects is monitored against project planning.

Positive change

The outcome harvesting exercise in 2018 revealed 179 positive changes (outcomes) that programme staff observed related to their project objectives. See diagram- for the distribution per PAX thematic programme.



For 142 outcomes, we were able to substantiate the contribution made by PAX and its partners and indicate the relevance for achieving the project's objectives. The graph to the right presents the indicated relevance of observed changes.



Positive change: examples per programme

Community-based Security and Citizens' Rights

Conflict and violence between communities, repression and shrinking civic space are common in PAX's programme countries. In our community-based security programme, projects are implemented in conflict-affected areas, mainly on a local or national level. In 2018, PAX worked with local partners on building trust and establishing peaceful mechanisms for cooperation between local communities, on advocating respect for and responsiveness to citizens' rights by local and national authorities, and on enlarging civic space both for individuals and for civil society organisations.

To mention a few specific examples: in several North-east African countries, peace committees, local or regional leaders and traditional courts succeeded in arranging the peaceful sharing of scarce resources for cattle grazing and addressing cattle theft. In DR Congo, Catholic Church leaders, church-based civil society organisations, as well as international actors exercised effective political pressure on the Congolese government to hold elections and allow for independent observation. Our partners in Iraq are increasingly succeeding in entering into dialogue with local, provincial and national authorities on peace-building strategies. In Ukraine, dialogue facilitators were trained and used their skills to solve disputes on political or social topics. Politicians and civil servants showed a growing openness to engage in inclusive dialogue for conflict management.

Dealing with the Past

Internationally, Dealing with the Past (DwtP) and Transitional Justice are being increasingly recognised as a prerequisite for durable peace. This also applies to our programmes: more and more, our CBS-CR programmes include Dealing with the Past elements such as storytelling, memorialisation and victims' participation. In some cases, both themes are interwoven in one programmatic approach.

Some examples of activities in 2018 that focused on DwtP: In Kosovo, PAX's partners participated in the Preparatory Committee for the Truth and Reconciliation Commission, established by President Thaci. In Haut-Uele, DR Congo, the partner organisation, victims' committees, provincial and traditional authorities, and religious leaders worked together with PAX on a unique and ambitious endeavour to commemorate the massacres committed by the Lord's Resistance Army during the period December 2008–May 2009. The victims expressed their wish to continue cooperating with PAX on Dealing with the Past, with a focus on truth finding, non-repetition and community-based reconciliation. In the Western Balkans, Iraq and Syria civil society organisations strengthened their capacity to engage in or organise dealing with the past activities or processes through training, coaching, exchanges and joint strategising.

Protection of Civilians

A number of European governments and international organisations have shown their appreciation for PAX's expertise on protection of civilians and civil perspectives on security in conflict-affected areas. For instance, PAX contributed to training activities designed and/or implemented by NATO, the UN Integrated Training Service and several European ministries of defence. The results of the Human Security Surveys (HSS) in Iraq and South Sudan are being used by key diplomats, UN agencies and INGOs to inform their programming. In Iraq, local communities consider the HSS to be a useful way of communicating their priorities to security and governance actors. They have organised follow-up activities addressing their community security priorities.

Natural Resources, Conflict and Human Rights

The extraction of raw materials is often related to or runs the risk of giving rise to conflict and human rights abuses. PAX provides training to local communities on relevant international standards and national regulations, facilitates dialogues between extraction companies and local stakeholders, supports lobby & advocacy and access to judicial possibilities so that inhabitants of the extraction area, local farmers or victims can defend their interests and claim their rights or compensation.

A major example in 2018 was coal mining in Colombia. One of the largest mining companies in the Cesar region took concrete steps to enter into dialogue with victims of the conflict there. Pressure from European energy companies helped to achieve that result. In DR Congo, PAX and its partners asked political actors to draw attention to the negative effects of the new mining code on artisanal gold miners. Traditional leaders and communities were trained, preparing them for their dialogue with gold mining companies.

Humanitarian Disarmament

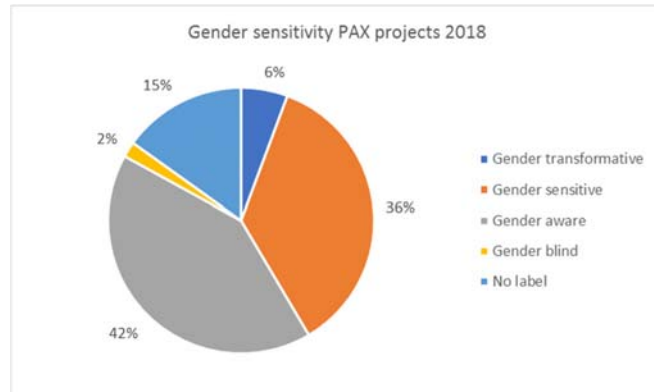
PAX's work on disarmament mainly takes place in international coalitions, in which participants share information, undertake coordinated lobby or advocacy activities and learn from each other. Major issues are the arms trade, armed drones, nuclear weapons, so-called 'killer robots' (autonomous weapons) and the use of explosive weapons in populated areas.

In 2018, an increasing number of signatures, ratifications and public statements reflected growing support from political actors for the Arms Trade Treaty, the Convention on Cluster Munitions, a ban on killer robots and the Treaty on the Prohibition of Nuclear Weapons. PAX is currently developing a new field of expertise, namely the connection between conflict and environment. Data collection on conflict pollution in Iraq for instance was valued by UN Environment as a baseline for their own work in that country.

The financial sector is increasingly considered an important advocacy target and ally in defending human rights and promoting humanitarian disarmament. PAX participates in the Dutch Banking Agreement and the agreements on International Responsible Business in the insurance and pension sectors, major fora for engaging in dialogue with financial institutions on responsible investment. In 2018, the number of financial institutions refraining from investing in cluster munitions or nuclear weapons grew again. PAX is an important source of information on arms production and arms trade for financial institutions. Targeting the general public, PAX is a member of the coalition responsible for the Fair Finance Guide International and the Fair Insurance Guide.

Gender

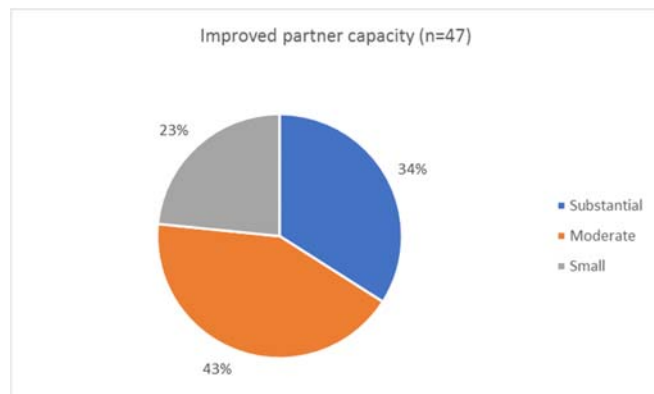
Gender, Peace and Security is a cross-cutting theme at PAX. We are committed to a gender-specific approach in all programmes and projects. The graph to the right shows the degree of gender sensitivity in PAX's projects as assessed by our programme staff. Most of our projects are considered to be either gender aware or gender sensitive.



A small number of our projects is currently gender transformative in the sense that they help to change harmful gender norms and/or promote non-stereotyped gender roles. Examples are projects in Iraq and Palestine in which local communities were enabled to openly discuss taboo topics linked to sexual and gender-based violence (SGBV) and to link up with authorities to agree on an inclusive agenda.

Capacity development

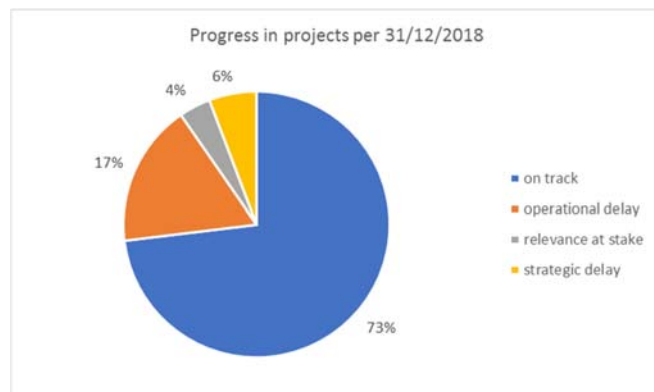
Like gender, building our partners' capacity cross-cuts all PAX programmes and projects. In 2018 PAX helped to improve the capacity of 47 local partners, either by enabling formal training or providing access to external advice, or by more informal interventions such as joint strategising, coaching and exchanges.



The range of areas in which partners made progress include, among others, strategising, project management, gender analysis, financial management, and lobby & advocacy.

Progress

By late 2018, almost three quarters of our projects were on track in terms of progress compared to project planning. The implementation of 17% was delayed, and in about 10% of the cases we needed to reconsider the objectives or strategy.



PAX for Peace: civic engagement in the Netherlands

PAX cannot imagine achieving its objectives without cooperating with international partners, whether in conflict-affected countries, in Europe or worldwide. Nor can we imagine achieving our objectives without support from our Dutch constituency. Engaging citizens in peace work is in PAX's DNA.

Like our international work, PAX's work in the Netherlands is rooted in the core values of human dignity, solidarity and the common good. It takes into account global linkages – political, economic and social – between people and issues in war-affected countries and those in Dutch society. PAX's work in the Netherlands therefore focuses on organising global citizenship and mobilising attention and support from the general public, politics and businesses for themes related to peace and justice.

Some PAX campaigns in the Netherlands are directly related to international projects. For instance, the public campaign 'Blood coal-free' generates attention for the fate of victims of paramilitary violence in Colombia related to coal mining, linking energy consumption in Europe to the origin of the natural resources involved. PAX was able to link its No Nukes programme to the UN's Prohibition of Nuclear Weapons Treaty in 2017, and PAX launched a public campaign in the autumn of 2018 to mobilise ING clients to put pressure on their bank to no longer invest in nuclear weapons.

During the annual Peace Week, PAX generates public attention for peace work in general. 'Generations for Peace' was the central theme in 2018. In cooperation with local Embassies for Peace, churches and student groups, for example, PAX held a large number of activities, varying from lectures, special lessons in schools and theatres to Walks of Peace and other intercultural meetings.

Connecting people and promoting dialogue on sensitive issues are also the objectives of the PAX project 'Story of a Refugee'. This project offers teachers and pupils in secondary schools a package to discuss the background and position of migrants, prejudices and dilemmas related to migration. The package consists of teacher training activities, a serious game and other materials for students. In addition, schools invite a refugee from Syria who is trained by PAX and prepared to share his/her story. In 2018, 358 teachers were trained and 206 school classes took part in the project, reaching out to more than 5,000 secondary school students.

Peace Week 2018

- 377 activities
- 89 Embassies of Peace involved
- 31 Walks of Peace
- 45 PAX lectures
- 14 College Tours
- First foreign Embassy of Peace in Srebrenica

1.4 Financial policy and financial results

The following is a summary of the financial results for 2018 compared to the budget and the results for 2017.

	Actual 2018		Budget 2018		Actual 2017	
	€	%	€	%	€	%
Income						
Grants from Ministry of Foreign Affairs						
Strategic Partnership Dialogue and Dissent	12.679	68%	13.870	64%	12.562	68%
Other institutional funding, including lottery organisations	5.276				5.236	
Income from individuals and companies	749				743	
	<u>6.025</u>	<u>32%</u>	<u>7.655</u>	<u>36%</u>	<u>5.979</u>	<u>32%</u>
	18.704	100%	21.525	100%	18.541	100%
Alliance partner Dialogue and Dissent	<u>1.032</u>		<u>1.256</u>		<u>908</u>	
	<u>19.736</u>		<u>22.781</u>		<u>19.449</u>	
Expenses						
Expenses on the objective	17.059	90%	19.950	94%	16.232	89%
Fundraising	476	3%	541	3%	565	3%
Management and administration	1.297	7%	840	4%	1.480	8%
Financial gain/(loss)	41	0%	-	0%	-23	0%
	<u>18.873</u>	<u>100%</u>	<u>21.331</u>	<u>100%</u>	<u>18.254</u>	<u>100%</u>
Alliance partner Dialogue and Dissent	<u>1.032</u>		<u>1.256</u>		<u>908</u>	
	<u>19.905</u>		<u>22.587</u>		<u>19.162</u>	
Sum of income and expenses	<u>-169</u>		<u>194</u>		<u>287</u>	

The income in 2018 is approximately level with the income in 2017. Compared to the budget, revenue (excluding alliance partners) was €2.8 million lower. €1.2 million of this figure is related to the subsidy under the Strategic Partnership with the Ministry of Foreign Affairs. This programme will end in late 2020; under-spending in 2018 will be used in 2019 and 2020.

In order to reduce dependence on one large donor, we are focusing on fund diversification. Diversifying our fundraising activities should increase funding in 2019. In the budget for 2019, other institutional funding, including funding from lottery organisations, will increase by €3.6 million. Most of these funds have a duration of two or three years, due to the project-based nature of these funding sources. This means that the income recurs annually.

As a result of fund diversification, the costs of fundraising are also increasing. In 2018 the share of these costs was still 3% of the budget, while in 2019 the share of the costs will be around 5% (of the 2019 budget).

The share of management and administration costs in the total costs was 7% in 2018 (2017: 8%). The current policy is to maintain the level of 7%. Due to an incorrect cost allocation, a comparison with the 2018 budget cannot be made.

Summary: as a result of the need to spread risk, PAX is investing more in fundraising. The result of this strategy will become visible in the figures for 2019. Management and administration costs fell by 1% to 7% and are set to remain at this level. In 2018, 90% of the expenditure was spent on the objective.

The level of the required continuity reserve is mainly determined by the financial risk. After allocation of the result for 2018, the continuity reserve of PAX comes to €1.6 million.

Taking into account guarantees issued by Pax Christi and IKV, the continuity reserve is more than sufficient to cover the calculated risk. See section 1.2 for a further 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 Pax Christi members, one-off and regular donors, legacies and bequests as well as from friends and participants of the annual Peace Week event hosted every September.

As a result, more than 17,500 members and donors supported PAX in 2018 with either one-off or regular financial contributions.

PAX has a comprehensive multi-annual fundraising strategy in place, developed in consultation with internal and external stakeholders. In order to fulfil PAX's mission and achieve impactful change for people, we are applying a proactive approach to resource mobilisation. We are working together with our donors to develop solution-oriented partnerships, build strong networks and ensure sustainability for our programmes. With this approach, we are aiming to diversify our donor base, which is reflected in our fundraising strategy.

PAX acknowledges the national and international challenges regarding funding for peacebuilding. Nonetheless, we also see the opportunities that come with it and continue to make the case at all levels for sustainable funding.

1.5 Governance

Legal structure

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 work organisation of Pax Christi Netherlands Peace Movement Association (Pax Christi) and the Interchurch Peace Council (Interkerkelijk Vredesberaad Foundation, IKV). Pax Christi Netherlands was founded in 1948 as an independent sector of the international Pax Christi movement. It emerged during the aftermath of World War Two from the impassioned hope: War never again. IKV was founded in 1966 by churches in the Netherlands and Pax Christi with the aim of promoting an ecumenical peace dialogue and finding political solutions for the arms race and war situations.

Pax Christi and IKV are PAX's primary patrons. Pax Christi represents the voice of the constituents of the peace movement and the thousands of members of our grassroots network in the Netherlands. IKV represents the voice of the churches on issues about war and peace. PAX runs all of the peace programmes, manages all financial resources and employs all of the staff.

STIKAV (Stichting Katholieke Vredesbeweging: Catholic Peace Movement Foundation) was founded by Pax Christi. Its role is to manage the location at Godebaldkwartier 74 in Utrecht, including the Stiltecentrum (Silence Centre) at Hoog Catharijne. STIKAV manages this building on behalf and with the mandate of its owners, the Sisters of the Eucharist congregation.

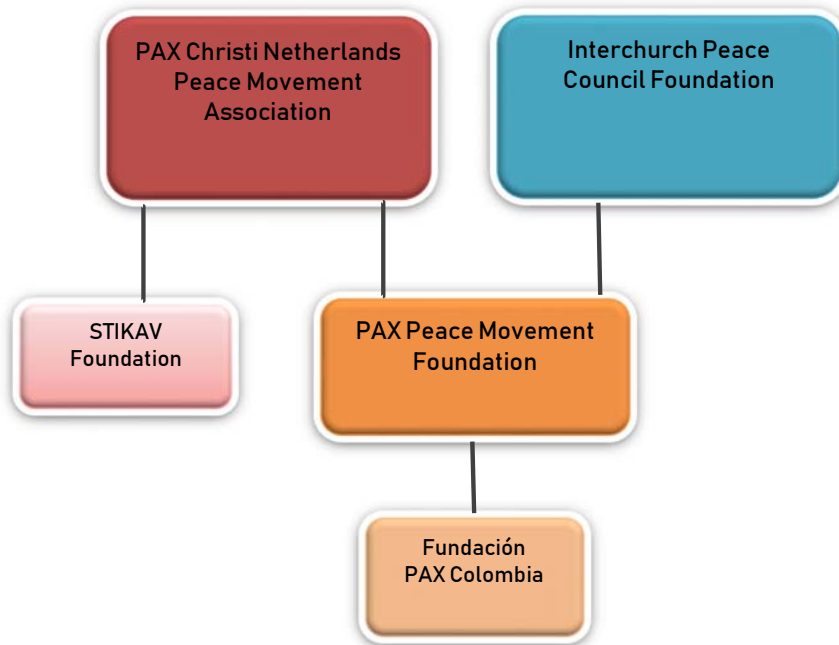


Figure 1 Overview diagram of legal structure

IKV, Pax Christi and PAX

The unity between the different legal entities is carefully organised. IKV's highest body is formed by the Executive Board that is primarily nominated by the six participating churches: the Roman Catholic Church, the Protestant Church in the Netherlands, the Remonstrant Brotherhood, the Mennonite Church in the Netherlands, the Old Catholic Church and the Moravian Church. PAX's general director is also the IKV director and one of the members of IKV's Executive Board. Pax Christi's highest body is the Council of Members. Pax Christi's statutory Executive Board is also PAX's statutory Executive Board. IKV and Pax Christi each nominate half of the members of PAX's Supervisory Board and approve PAX's strategic multiannual plans. PAX's Executive board is also STIKAV's board.

PAX Colombia Foundation

The Fundación PAX Colombia (PAX Colombia Foundation, FPC) is a non-profit entity founded in 2012. It is dedicated to the promotion of a peace culture, peaceful conflict resolution and peace in Colombia. It is headquartered in the city of Bogota, Colombia. The FPC has an executive committee with unpaid board members, including an executive director acting as a legal representative, a secretary and a treasurer. The secretary is a Dutch PAX employee. The other two board members are Colombians.

Above the executive committee is a committee of founders, consisting of two Dutch PAX employees. The participation of three Dutch PAX employees in the two administrative layers guarantees a substantial influence on the course of affairs within FPC.

PAX no longer classified as a group head

As the above makes clear, PAX, Pax Christi, STIKAV, IKV and PAX Colombia Foundation are linked together in a group.

Although there was one consolidated annual report in previous years, it has recently become apparent that there are insufficient grounds for classifying PAX as group head, as PAX has no policy-determining influence in Pax Christi, IKV or PAX Colombia. This negates the basis for consolidation.

When PAX was established in 2007, both Pax Christi and IKV decided to reserve equity for PAX's continuity reserve. These reservations, also known as guarantees, were set at €1,160,000 each. The guarantees have recently been reconfirmed by IKV, Pax Christi and STIKAV. The conclusion is that the loss of consolidation does not affect the outcome of the assessment of whether PAX has sufficient reserves to meet its obligations in the long term.

Executive Board

PAX's Executive Board is tasked with managing the organisation, for which it has full administrative responsibility. The Executive Board generally makes its decisions based on consensus. The general director has the deciding vote if the votes cast by the board are a tie. The Executive Board is accountable to the Supervisory Board.

On 31 December 2018 the Executive Board consisted of the following people:

Name	Position/ancillary positions
Jan Gruiters	<ul style="list-style-type: none"> • General director and chairman of PAX's Executive Board • General director and chairman of Pax Christi's Executive Board • Director of IKV and member of IKV's Executive Board • Member of STIKAV's Executive Board
Radboud van Delft	<ul style="list-style-type: none"> • Director of organisation and member of PAX's Executive Board • Member of STIKAV's Executive Board
Miriam Struyk	<ul style="list-style-type: none"> • Director of programmes and member of PAX's Executive Board

Table Composition of Executive Board

Remuneration of senior management

The Supervisory Board determines, on the advice of the remuneration committee, the remuneration policy, the level of the management fee and the level of the other remuneration components. The policy is updated periodically. The last review was in 2016.

The directors are employed by PAX and receive a salary. Work done for the benefit of the other legal entities is not paid separately or extra. The Supervisory Board has determined the remuneration policy and level of remuneration according to the guidelines and qualification system of Goede Doelen Nederland and the collective labour agreement (CAO) of the Protestant Church in the Netherlands. PAX follows the guidelines for the remuneration of directors by Goede Doelen Nederland (see www.goededoelennederland.nl).

The guidelines take into account, among other things, the size and complexity of the organisation and set a maximum standard for annual income. The weighting of the situation at PAX was carried out by the remuneration committee of the Supervisory Board. This led to a so-called BSD-score of 480 points with a maximum annual income of €129,559 (1 FTE/12 months).

The actual annual income of management relevant to the assessment amounted to €99,250 for Jan Gruiters (0.95 FTE/12 months), €83,711 for Miriam Struyk (0.95 FTE/12 months); and €27,214 for Radboud van Delft (0.84 FTE/4 months). The remuneration remained within the applicable ceilings. No other fees were paid.

Until 31 August, Radboud van Delft was hired by PAX on an interim basis. The management fee of €93,203 excluding VAT is in line with market conditions for people employed as interim managers, and PAX met the conditions of the guidelines with regard to the deployment of an interim director (not employed). Remuneration of PAX senior executives meet both WNT legislation¹ and the guidelines set by Goede Doelen Nederland. For further details, see page 42, 43 and 44 of the financial report.

¹ Note that WNT legislation deviates from the guidelines of Goede Doelen Nederland on a number of points, for instance the number of hours of employment per week (WNT: 36 and Goede Doelen Nederland: 38).

Governance and supervision

Governance and supervision are strictly separate processes at PAX, which has been documented in the statutes. The Supervisory Board's first task is to assess whether PAX is fulfilling its mission well according to the values of the peace movement. The Executive Board is responsible for achieving the strategic objectives in an efficient and effective way. In doing so, the Supervisory Board monitors the risks and degree of risk management in the organisation and whether there is a safe and healthy social environment. The Supervisory Board receives support from two advisory committees. The audit committee discusses the financial interim audit report and annual account in detail with the director, controller and the external accountant, after which the committee advises the Supervisory Board on this. The remuneration committee periodically makes an evaluation of the performance of the statutory members of the Executive Board and advises the Supervisory Board in its role as employer of the board.

Integrity

We continue to look critically at ourselves and our own policies to ensure that a high standard of integrity is observed. 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. In 2018 PAX updated its integrity policy and code of conduct, which must be signed by all involved parties. Our integrity policy is supported by an independent confidential advisor and a whistle-blower 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, communicate them in a transparent way and punish those involved. Our integrity policy is published on our intranet and on our website: <https://www.paxforpeace.nl/about-us/integrity-policy>.

Any kind of conflict of interest among members of the Supervisory Board or Executive Board is forbidden, to which end they provide a written statement each year. Members of the Executive Board 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.

No reports of integrity violations were made against employees of PAX in 2018.

PAX's complaints procedure

PAX has a complaints procedure. A complaint is defined as any statement that has come to the organisations' 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 company's complaints procedure. Our complaints procedure is published on our website:

<https://www.PAXforpeace.nl/contact/complaints-procedure>

	Number of complaints	(of which on political opinions)
2016	10	1
2017	12	2
2018	13	1

Table Complaints 2016-2018

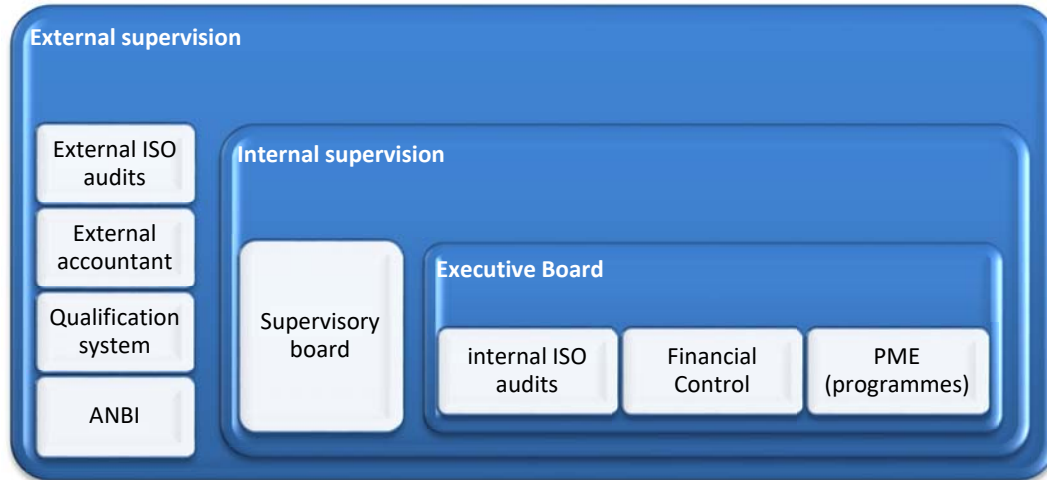
In 2018, PAX received a total of 13 complaints. Five complaints concerned donation requests. Four complaints were about an administrative issue. A telemarketing campaign by PAX in 2018 resulted in three complaints. All these complaints were handled by the private fundraising team according to procedure.

One complaint was about the PAX campaign against ING bank's investments in nuclear weapons products. These complaints have been dealt with by a campaign leader.

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.



ISO Certificate 9001:2008

In 2018 PAX was granted the ISO certificate 9001:2015 and Partos standard without any shortcomings needing to be resolved first. External audits in the framework of ISO certification are conducted on an annual basis by an independent and accredited agency.

External accountant

The accountant audit is carried out in accordance with the guideline for annual reporting RJ650 for 'Charity organisations' of the Dutch Accounting Standards Board, including the Dutch control protocol WNT by independent registered auditors KPMG Accountants N.V.

Codes and guidelines

PAX is a member of the Association of Fundraising Institutions (Goede Doelen Nederland) and complies with all of this association's codes of conduct, including:

- The qualification system, which is the hallmark for charities in the Netherlands. The Dutch Central Bureau on Fundraising periodically reviews whether PAX is meeting all of its quality requirements. The CBF monitors compliance. <https://www.cbf.nl/de-erkenning>
- Guidelines for the Reserves of Charitable Organizations.
- The Guideline for Remuneration for Directors of Charitable Institutions.
- The ENP-Goede Doelen Nederland Directive on the Settlement of Estates.
- The Goede Doelen Nederland recommendation on cost allocation management and administration.
- Practical guide to responsible asset management.

PAX is member of Partos, the Dutch association for NGOs working in international development, 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

General Public Advancement (ANBI)

PAX is a public benefit organisation. Changes to its statutes in 2018 were presented to the State Inspector of the Tax Authorities, who monitors the risks of whether the public benefit organisation's requirements are being met or not.

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

Programme leaders are contact persons for the partners and often go on field visits. Management also periodically goes on field trips to personally monitor the progress of the peace work and the circumstances in which this is being carried out.

Supporters

As a peace movement rooted in Dutch society, PAX has intensive contact with its supporters and facilitated 90 peace embassies in 2018. Our embassies organise hundreds of activities per year that involve thousands of citizens. PAX employees, the Executive Board 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 that appears 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.

An overview of the highlights in 2018 can be found here:

<https://verhalen.paxvoorvrede.nl/pax-in-2018-hoogtepunten-uit-een-jaar-vredeswerk#194141>

Donors

Employees and management maintain regular personal contact with major donors such as the Ministry of Foreign Affairs, strategic partners and institutional funds.

PAX also has private donors and is supported by contributions from members of the Pax Christi association.

PAX has a complaints procedure for its supporters. This is easy to access via the website:

<https://www.paxvoorvrede.nl/contact/klachtenregeling>

Employees

In addition to daily operational contact, there is also regular consultation through various channels. Of course, there are regular work meetings, and there are also meetings with the entire staff on specific themes twice a year. In addition, the Executive Board holds regular consultative meetings with the Works Council.

Employees can make use of an independent confidential advisor if necessary (see also our Integrity policy).

1.7 Expected state of affairs

At the international level, we are confronted with a dynamic, fluid context in which the standardizing and regulating effect of international agreements and normative basic principles on human and citizens' rights are under tremendous pressure. In the conflict areas in which PAX operates, we are confronted with the continual limitation of political space within which civil society organisations, including peace activists and our partners, can operate. Our peace work is becoming increasingly complex. Our response must be decisive. When international cooperation stagnates, when international norms erode, when states short-sightedly pursue their own interests, when societies become divided and exclude people, it is our task to strengthen the power of citizens to bring about change.

In 2019 we will concentrate on:

1. Enhancing progress in our programmes and achieving the planned outcomes in the updated Strategic Framework 2016–2020.
2. Increasing PAX's recognisability and reputation by setting a single priority at the organisational level: a campaign on the humanitarian effects of the controversial arms trade in various countries. PAX will strengthen its support for peace activism and develop a coherent package of activities and projects in the Netherlands.
3. Strengthening our strategic position in preparation for the new planning period 2021–2025 and applying for the new subsidy framework Dialogue & Dissent II by highlighting the relevance and added value of PAX's work and emphasising the importance and results of our cooperation with the Ministry of Foreign Affairs.

Meanwhile, there is also a lot going on within our own organisation. In 2019, a new organisational structure will be implemented with programme teams and specialist teams that will facilitate cooperation based on our own responsibility and expertise to support clearer decision-making, coherence and synergy. We believe this will also go further in guaranteeing the care and well-being of our staff.

A number of steps were already taken in 2018 to be more strategic and proactive in the area of fundraising. All 2019 programme plans have realistic but ambitious fundraising targets that aim to increase and diversify our sources of income. All fundraising channels will be strategically developed. Part of the strategy is also to ensure that the results of fundraising are properly monitored and evaluated. The results will only be properly visible in 2020.

The 2019 budget outlined below has been approved by the Supervisory Board.

Statement of income and expenses	Budget 2019	Actual 2018
	€	€
INCOME		
Income from Individuals	652.570	599.119
Income from Companies	-	149.892
Income from Lottery organisations	1.360.510	1.595.331
Grants from Governments	18.839.457	16.757.131
Funding from other non profit organisations	650.000	634.343
Sum of income	21.502.537	19.735.816
EXPENSES		
Expenses on the objective		
Community Based Security and Citizens Rights	8.222.472	9.904.859
Dealing with the Past	2.032.962	2.136.612
Humanitarian Disarmament	1.471.586	1.959.201
Natural Resources and Conflict	829.902	1.732.378
Protection of Civilians	942.364	1.229.713
Peace activism and Advocacy	3.982.381	-
Network for peace building	-	96.000
Dialogue and Dissent Alliance partner	1.414.547	1.031.797
	18.896.215	18.090.560
Fundraising	961.766	475.677
Management and administration	1.456.416	1.297.369
Sum of expenses	21.314.397	19.863.606
Financial gain/(loss)	-	-41.224
Sum of income and expenses	188.140	-169.014

We intend to introduce a new objective in 2019 called 'Peace Activism and Advocacy'. This objective is a combination of interventions and overarching topics that are used to achieve the goals of the five main themes (Community-based Security and Citizens' Rights and so on). Up to and including 2018, the costs of these interventions were allocated directly to the five main themes.

As mentioned in section 1.4, the budget for 2019 is based on an increase in other institutional funding. This is reflected in the increase in total budgeted income.

1.8 Corporate social responsibility

Closely linked to our mission and objectives, corporate social responsibility plays an important role in our organisation. The PAX principle is: practice what you preach.

We confront companies, financial institutions and government bodies about their behaviour, particularly when it comes to the exploitation of natural resources and responsible investment.

We consciously choose our suppliers and hired services. As one of the forces behind the Fair Money Guide <https://eerlijkegeldwijzer.nl/> we make use of responsible bankers whenever possible.

Our procurement policy takes into account 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 products with a Fair Trade Mark, such as coffee and tea.

We recognise that besides pursuing a sustainable procurement policy, we also need to make sure that the products we purchase are used in a sustainable way. That is why all PAX employees need a code to print documents, as this limits the amount of paper that is printed. And of course we try to keep our energy consumption to a minimum, and we sort and recycle our waste.

In 2017 PAX moved its offices to a new location in Utrecht. In choosing our office equipment, we opted for the more sustainable LED lamps with sensors so they switch off automatically when nobody is in the area. Also PAX purchased second-hand furniture and when PAX purchased 60 new computers and renewed all screens, energy efficiency was an important criterion. To ensure that we maintain a low environmental footprint, the new location is easily accessible by public transport. As in previous years, PAX will continue to adhere to the principle that 100% of its employees should commute by public transport to the greatest possible extent.

The fact remains, however, that our staff needs to travel regularly by aeroplane in order to implement projects and work closely with our partners and civilians in (post)conflict areas. In 2017 PAX used 3.4 million travel kilometres generating 689 tons of CO₂ emissions. We have chosen to compensate for these CO₂ emissions through the Climate Neutral Group and opted for the Gold Standard's Energy Efficient Cook Stove Project in Kenya, which has developed a special cook stove to replace traditional cooking over an open fire. This wood oven uses less fuel and produces little or no smoke, which reduces CO₂ emissions. In 2019 we will consider policies to further reduce our environmental and climate footprint.

2. Report from the Supervisory Board

Main points of attention in 2018

Midterm Review 2018 and Update Strategic Framework 2016–2020

The world order is adrift. Rapidly changing circumstances in conflict-affected areas and in political arenas are making PAX's peace work even more complex, but also more relevant than ever. In the midst of these turbulent times the Supervisory Board discussed in detail the Midterm Review 2018, a critical self-reflection carried out by the Executive Board in collaboration with all employees, on the progress and relevance of the contribution of programmes and departments to the goals that PAX formulated based on the 2016–2020 Strategic Framework. The Midterm Review provided a rich and varied picture of our peace work. Generally speaking, the progress being made by the peace programmes and departmental efficiency is on track. But there is also room for improvement. We need to increase our focus on providing direction to programme development in 2019 and 2020, and have started to phase out a limited number of projects. We support the conclusions of the Midterm Review that recommend increasing PAX's recognisability and reputation by setting a single priority at the organisational level on an annual basis and conducting a campaign accordingly. As a follow-up to the Midterm Review, the Supervisory Board examined in the autumn of 2018 some ways of updating the 2016–2020 Strategic Framework in a joint meeting with the IKV Board and Pax Christi's Council of Members. The Supervisory Board subsequently discussed the strategic update in more detail at its own meeting in December with the Executive Board.

The Supervisory Board was struck by the fact that the staff's well-being was repeatedly mentioned as a concern in the Midterm Review. In addition to risking one's physical safety when working in a war zone, the mental pressure is also high. The Supervisory Board therefore regularly asks the Executive Board about measures being taken to improve the well-being and care of PAX's staff. One way to achieve this is by restructuring PAX's organisation. On several occasions, the Supervisory Board has discussed ideas for PAX's organisational change and plans for implementing it in 2019 with the Executive Board and the Works Council. The aim is to address several bottlenecks regarding team composition, positions, coordination and decision-making. Responsibilities for staff management will be clearly allocated to ensure that employees are well supported and offered care, guidance and more opportunities for professional and personal development.

Safety and security

The safety and security of PAX's personnel is of great importance for the entire organisation, and it is therefore important that the Supervisory Board is also informed about the policy. In 2018 adjustments to PAX's Field Safety and Security Policy were examined by the Supervisory Board. The policy will be adjusted where necessary annually and after the occurrence of safety incidents. The Supervisory Board will immediately be informed of serious incidents, and every year the Supervisory Board will receive an overview of safety incidents that have occurred. Fortunately, there were no serious safety incidents to report in 2018.

Structure of the Executive Board and recruitment directors

In early 2018 the Supervisory Board, responding to advice from the Works Council, approved the definitive structure of the Executive Board. It was decided to have a three-person Executive Board: a general director, a director of programmes, and a director organisation. The rationale for this is that PAX operates in an environment that is unpredictable and financially speaking uncertain. The sweeping changes in the political landscape and perhaps in the funding of our work as well will require us to pay (additional) attention at the management level to strategic flexibility, programmatic innovation and risk management. A three-person Executive Board enables PAX to employ different qualities and capacities at the management level for strategy development,

programme implementation, fundraising and organisational development. This clearly guarantees cohesion of the objective (strategy), the performance (programme) and the arrangement (organisation) at the management level. The extra capacity will be important for organisational change, for supporting staff with the inevitable challenges that surface in these turbulent times, as well as for PAX's representation in the Netherlands and internationally, for high-level deployment in lobbying and media initiatives, for contact with our supporters and for institutional fundraising. The checks and balances are more effective in a three-person board as well. A three-person board, after all, provides more stability and continuity when one of the members leaves.

Based on this rationale, profiles were written for the recruitment and selection of a director of programmes and a director organisation. After an extensive selection procedure, which also involved the Works Council, the Supervisory Board appointed Radboud van Delft as director organisation and Miriam Struyk as director for programmes. We wish them every success, wisdom and strength in their new positions.

Finances

The Supervisory Board supervises finances and risk. The audit committee of the Supervisory Board discusses the annual accounts, annual budget and quarterly financial management reports in detail with the director organisation and controller and reports on this at the meeting of the Supervisory Board. The audit committee also meets with the external accountant KPMG to discuss the management letter and controller's report.

Not only did our organisation experience a process of change in 2018, but it also became clear that there would be less financial scope for our work in 2019 and 2020 than in previous years. PAX's workforce must start downsizing in 2019 and 2020 to prevent a situation from arising in which PAX has insufficient resources available for the planned phasing out of programmes, staff and partners in 2020. For this purpose, the Supervisory Board started to examine a downsizing plan. The primary purpose of the downsizing plan is to carefully adjust the workforce to the planned size and available financial resources. The Supervisory Board believes that the downsizing plan will effectively meet these requirements.

Composition of het Supervisory Board

In 2017, the Supervisory Board examined various components of good governance and formulated requirements for effective supervision. Based on this, the Supervisory Board drafted an annual supervision schedule. In addition, the Supervisory Board conducted its annual self-evaluation that specifically reflects on the critical supervision that has been carried out and the question of whether the board has the required expertise and experience in the area of PAX's work (peace and security issues), organisation and business operations and financial management.

In 2018 the terms of two board members, Carla Kuijpers and Sander Smits van Oyen, came to an end. The Supervisory Board is extremely grateful to them for their many years of dedication and deep commitment to our peace work.

It also meant that the Supervisory Board needed to be refreshed. To prepare for this, profiles of potential new members have been drawn up, partly based on the self-evaluation, to refresh and reinforce the Supervisory Board with a member with a financial background and a member with an international legal background. We are very grateful that Janne Nijman and Tom Groot have agreed to join the Supervisory Board. Janne Nijman was appointed by the board of IKV and Tom Groot by the Council of Members of Pax Christi in 2018.

The Supervisory Board strives for a balanced composition of the Supervisory Board and the Executive Board. At year-end 2018, the Supervisory Board had three female and three male members. The Executive Board had one female and two male members.

In 2018 the Supervisory Board consisted of the following members:

Name	Position in Supervisory Board	Position/ancillary positions
M.I. (Marieke) de Wal	<ul style="list-style-type: none"> - Chair of the Supervisory Board - Member of the audit committee - Member of the remuneration committee 	<ul style="list-style-type: none"> - Managing director of the Partnerships Resource Centre, Rotterdam School of Management, Erasmus University Rotterdam - Director of operations of the Partnership Brokers Association (PBA)
W.E. (Wieger) Bakker	<ul style="list-style-type: none"> - Member of the Supervisory Board 	<ul style="list-style-type: none"> - Professor at the Utrecht University School of Governance in the faculty of Law, Economics and Governance - Director of studies of the bachelor programme on public administration and organisation science, Utrecht School of Governance, Faculty of law, economics and governance. - Chairman of the board of the Moving Culemborg Foundation - Member of the executive committee of Inter University Centre in Dubrovnik, Croatia
T. L. C. M. (Tom) Groot	<ul style="list-style-type: none"> - Member of the Supervisory Board since November 2018 - Member of the audit committee since December 2018 	<ul style="list-style-type: none"> - Professor of Management Accounting - Head of the Department of Accounting and director of ARCA (Amsterdam Research Center in Accounting). - Vice-chairman of the Supervisory Board of the Alrijne Zorggroep (Leiden, Leiderdorp and Alphen aan den Rijn) - Chairman of the Board of Directors of the Hendrik Brunsting Stichting (archaeological excavation company) - Member of the Supervisory Board of the Dutch Probation Service (Reclassering Nederland)
C.T.M.(Carla) Kuijpers-Groensmit	<ul style="list-style-type: none"> - Member of the Supervisory Board until December 2018 - Member of the remuneration committee until December 2018 	<ul style="list-style-type: none"> - Former director of the Students Service at Utrecht University
A. V. Q.M. (Sander) Smits van Oyen	<ul style="list-style-type: none"> - Member of the Supervisory Board until December 2018 	<ul style="list-style-type: none"> - Founder/ director of SOVEC Management BV - Board member of various SMEs in Ghana - Board member of Ebankse Venture Fund Ltd Ghana - Member of the advisory board of AC Europe Holding BV - Founder / director of Bonte Paard Beheer BV - Founder/ director of GoedWerkt Foundation
A. M. (Marina) van Notten	<ul style="list-style-type: none"> - Member of the Supervisory Board 	<ul style="list-style-type: none"> - Partner in Profonte, consultants in philanthropy
P. (Peter) van der Veer	<ul style="list-style-type: none"> - Member of the Supervisory Board - Member of the audit committee 	<ul style="list-style-type: none"> - Director of operations of the Municipality of Veenendaal

Table Composition of Supervisory Board

Name	Date appointed	End of first term	End of second term
Marieke de Wal	02-07-2010	02-07-2014	31-12-2019
Wieger Bakker	01-03-2012	01-03-2016	01-03-2020
Tom Groot	01-12-2018	01-12-2022	
Janne Nijman	01-01-2019	01-01-2023	
Marina van Notten	01-03-2012	01-03-2016	01-03-2020
Peter van der Veer	01-03-2012	01-03-2016	01-03-2020

Table Rotation schedule

Remuneration and remuneration committee

The members of IKV's Executive Board, the PAX Christi Council of Members and the PAX Supervisory Board carry out their tasks on a voluntary basis and do not receive any reward, leave or attendance fee. Expenses, such as travel expenses, are the only expenses that are remunerated, based on actually incurred expenses.

Every year the remuneration committee holds a performance review with the members of the Executive Board. Because the director of programmes and the director organisation were only appointed in 2018, a review was held with the general director.

No conflicting interests

There were no transactions in 2018 involving conflicts of interest on the part of members of the Supervisory Board or Executive Board.

3. Financial Statements 2018



Financial Statements 2018

Stichting Vredesbeweging PAX Nederland

BALANCE SHEET

(after appropriation of result)

		31 December 2018	31 December 2017
		€	€
ASSETS			
Intangible fixed assets	1	59.007	42.524
Tangible fixed assets	2	<u>742.364</u>	<u>975.108</u>
Total fixed assets		801.371	1.017.632
Receivables from related entities	3	174.234	204.384
Receivables and prepayments	4	3.039.810	2.466.567
Cash and Cash Equivalents	5	4.672.832	6.215.071
Total assets		<u><u>8.688.247</u></u>	<u><u>9.903.654</u></u>

BALANCE SHEET

(after appropriation of result)

		31 December 2018	31 December 2017
		€	€
LIABILITIES			
Reserves and funds			
Continuity reserve	6	1.609.860	1.778.874
Long Term Liabilities	7	64.259	39.844
Current Liabilities			
Subsidy commitments	8	5.637.502	6.510.222
Accounts payable		496.343	675.428
Other liabilities	9	<u>880.283</u>	<u>899.286</u>
		7.014.128	8.084.936
Total liabilities		<u><u>8.688.247</u></u>	<u><u>9.903.654</u></u>

STATEMENT OF INCOME AND EXPENSES

		Actual	Budget	Actual
		2018	2018	2017
		€	€	€
INCOME				
Income from Individuals	10	599.119	832.034	728.419
Income from Companies	11	149.892	-	15.377
Income from Lottery organisations	12	1.595.331	1.809.155	1.268.314
Grants from Governments	13	16.757.131	19.486.830	16.789.071
Funding from other non profit organisations	14	634.343	653.262	648.042
Sum of income		19.735.816	22.781.281	19.449.223
EXPENSES				
Expenses on the objective	15			
Community-Based Security and Citizens Rights		9.904.859	11.665.964	9.096.193
Dealing with the Past		2.136.612	2.226.099	2.135.627
Humanitarian Disarmament		1.959.201	2.277.158	1.984.138
Natural Resourcec, Conflict & Human Rights		1.732.378	2.367.037	1.846.590
Protection of Civillians		1.229.713	1.414.448	1.169.330
Network for peace building		96.000	-	-
Dialogue and Dissent Alliance partner		1.031.797	1.255.911	908.277
		18.090.560	21.206.616	17.140.155
Fundraising	16	475.677	540.760	565.097
Management and administration	17	1.297.369	839.940	1.480.561
Sum of expenses		19.863.606	22.587.316	19.185.813
Sum of income and expenses before financial gain/loss		127.790-	193.965	263.410
Financial gain/(loss)	18	41.224-	-	23.687
Sum of income and expenses		169.014-	193.965	287.097
Appropriation of result				
Addition to/(withdrawal from) continuity reserve	19	169.014-	193.965	287.097

CASH FLOW STATEMENT

		<u>2018</u>	<u>2017</u>
		€	€
Sum of income and expenses		169.014-	287.097
Adjusted for:			
Depreciation	1,2	298.883	257.731
Net interest income		1.137-	3.403-
Changes in Exchange rates on cash and cash equivalents		8.493	21.137-
Changes in Receivables and prepayments	3	30.150	60.947-
Changes in Receivables from related entities	4	573.243-	1.311.871-
Changes in Long term liabilities	7	24.415	39.844
Changes in Current liabilities	8,9	1.070.808-	3.844.733
Cash flow from operations		<u>1.452.261-</u>	<u>3.032.047</u>
Interest received	18	1.360	3.678
Interest paid	18	223-	275-
Cash flow from operating activities		<u>1.451.124-</u>	<u>3.035.450</u>
Investment/disinvestment in intangible fixed assets	1	42.125-	27.569-
Investment/disinvestment in tangible fixed assets	2	40.497-	1.083.725-
Cash flow from investing activities		<u>82.622-</u>	<u>1.111.294-</u>
Net Cash flow		1.533.746-	1.924.156
Exchange rate and translation differences on cash and cash equivalents		8.493-	21.137
Changes in Cash and Cash Equivalents		<u><u>1.542.239-</u></u>	<u><u>1.945.293</u></u>

Notes to the 2018 Financial Statement

General

Stichting Vredesbeweging PAX Nederland (hereinafter referred to as: PAX) is located and has its registered office in Utrecht, St. Jacobsstraat 12.

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.

Financial reporting period

The financial statements cover the year 2018, which ended at the balance sheet date of 31 December 2018.

Reporting Directive for Fundraising Institutions

The 2018 Financial Statements have been prepared in accordance with Guideline RJ650 for Fundraising Organisations. RJ650 imposes a mandatory model for the financial statements.

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.

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. An asset or liability is no longer recognised in the balance sheet 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 being transferred to a third party.

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 expenditure.

Income is recognised in the statement of income and expenditure 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.

Notes to the 2018 Financial Statement (cont.)

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 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 recognized in the statement of income and expenditure.

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:

- Partner commitments on the basis of estimated progress %

Correction of errors

After adoption of the 2017 financial statements, a material error in the consolidation scope was identified. Per 31 December 2017, Stichting Vredesbeweging PAX Nederland has consolidated Stichting Katholieke Vredesbeweging, Vredesbeweging PAX Christi Nederland, Stichting IKV and Fundación PAX Colombia, considering that a relation exists between the abovementioned entities. However, Stichting Vredesbeweging PAX Nederland has no control over these entities and is not the parent/consolidating entity of the group. Therefore, Stichting Vredesbeweging PAX Nederland should not consolidate and incorrectly presented consolidated financial statements per 31 December 2017.

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 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. 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 expenditure.

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 similar loans including a risk premium for credit and liquidity risks.

Notes to the 2018 Financial Statement (cont.)

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 financial assets

A financial asset is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, with negative impact on the estimated future cash flows of that asset, which can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

Impairment losses are recognised in the statement of income and expenditure and reflected in an allowance account against loans and receivables or investment securities held to maturity. Interest on the impaired asset continues to be recognised by using the asset's original effective interest rate.

When, in a subsequent period, the amount of an impairment loss decreases, and the decrease can be related objectively to an event occurring after the impairment was recognised, the decrease in impairment loss is reversed through profit or loss (up to the amount of the original cost).

Currency, price, credit, liquidity and cash flow risks

The currency risk for PAX largely consists of positions and future transactions in US dollars or currencies closely related to US dollars. 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. 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 Company 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 (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 expenditure.

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

Tangible Fixed Assets

Tangible fixed assets are measured at acquisition cost, less accumulated depreciation and impairment losses. Depreciation is recognized in the statement of income and expenditure based on their estimated economic life time.

The annual depreciation is recognised based on the following structure:

Notes to the 2018 Financial Statement (cont.)

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 intangible 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.

Impairment of fixed assets

Tangible and intangible fixed assets are assessed at each reporting date 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.

Receivables

The accounting policies applied for the valuation of receivables are described under the heading 'Financial instruments'.

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 the supervisory board. The PAX policy on continuity reserve meets the requirements of the CBF.

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 operational obligations to donors and contractual obligations to partners 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.

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.

Notes to the 2018 Financial Statement (cont.)**Income from Individuals**

Income from Individuals consists of private fundraising, income from endowment funds and legacies. Donations are recognized 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 recognized 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 recognized as income in the same reporting period in which the subsidised eligible expense is recognised.

Income from Lottery Organisations

Unrestricted income from lottery organizations is recognised in the period that the donor commits the funds. Grants from lottery organizations 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.

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.

Funding from other non-profit organisations

Donations from endowment funds, churches and NGO- organisations are recognized 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 recognized as income in the same reporting period in which the subsidised eligible expense is recognised.

Financial gain/(loss)

Interest income is recognised in the statement of income and expenditure on an accrual basis, using the effective interest rate method. Interest expenses and similar charges are recognised in the period to which they belong.

Cost allocation**Method of allocation of cost**

Staff costs are allocated on the basis of the direct productive hours spent per objective / fundraising / management and administration.

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

Personnel cost

Salaries and labor 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 expenditure 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).

Notes to the 2018 Financial Statement (cont.)**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.

Salary senior executives

Senior executives require explicit reporting according the Dutch WNT 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 coverage of the sector pension as at December 31, 2018 is stated at 101.3%.

Cash flow statement

The cash flow statement is prepared using the indirect method.

Foreign currency cash flows are translated into euros using the weighted average exchange rates for the respective periods.

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: April 30, 2019

Explanation of the balance sheet

	31 December 2018	31 December 2017
	€	€
1 Intangible fixed assets		
Balance as at 31/12 *		
Software	48.074	19.707
Licences	10.933	22.817
	<u>59.007</u>	<u>42.524</u>

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

Movement in intangible fixed assets:	Software	Licences	Total
Balance as at January 1			
Purchase price	348.468	120.607	469.075
Accumulated amortisation	328.761	97.790	426.551
Carrying amount	<u>19.707</u>	<u>22.817</u>	<u>42.524</u>
Changes in carrying amount			
Investments	42.125	-	42.125
Amortisation	13.758	11.884	25.642
Balance	<u>28.367</u>	<u>-11.884</u>	<u>16.483</u>
Balance as at December 31			
Purchase price	390.593	120.607	511.200
Accumulated amortisation	342.519	109.674	452.193
Carrying amount	<u>48.074</u>	<u>10.933</u>	<u>59.007</u>

	31 December 2018	31 December 2017
	€	€
2 Tangible fixed assets		
Balance as at 31/12		
Renovation	91.756	146.326
Other fixed operating assets	650.608	828.782
	<u>742.364</u>	<u>975.108</u>

Movement in tangible fixed assets	Renovation	Other fixed operating assets	Total
Balance as at January 1			
Purchase price	1.254.847	1.013.692	2.268.539
Accumulated depreciation	426.065	867.366	1.293.431
Carrying amount	<u>828.782</u>	<u>146.326</u>	<u>975.108</u>
Changes in book value			
Investments *	16.548	23.949	40.497
Depreciation	194.722	78.519	273.241
Balance	<u>-178.174</u>	<u>-54.570</u>	<u>-232.744</u>
Balance as at December 31			
Purchase price	1.271.395	1.037.641	2.309.036
Accumulated depreciation	620.787	945.885	1.566.672
Carrying amount	<u>650.608</u>	<u>91.756</u>	<u>742.364</u>

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

Both, intangible and tangible fixed assets held for business operations.

Explanation of the balance sheet (cont.)

	31 December 2018	31 December 2017
	€	€
3 Receivables from related entities		
Stichting Katholieke Vredesbeweging	35.064	73.117
Stichting IKV	59.750	61.166
Vereniging Pax Christi	7.559	19.377
Foundation Pax Colombia (FPC)	71.861	50.724
	<u>174.234</u>	<u>204.384</u>
4 Receivables and prepayments		
Ministry of Foreign Affairs final settlement funds 2017	65.004	20.887
Cordaid Gender Fund	-	27.607
Other donors	1.225.718	1.265.557
Amnesty International alliance partner	571.776	-
Prepaid salaries and pension contributions	12.898	-
Other receivables and prepayments	1.164.414	1.152.516
	<u>3.039.810</u>	<u>2.466.567</u>
No receivables due after more than one year.		
5 Cash and Cash equivalents		
Deposits	4.099.974	5.173.951
Credit balances on Dutch bank accounts	462.151	903.552
Credit balances on foreign bank accounts	20.395	104.126
Cash balances	90.312	33.442
	<u>4.672.832</u>	<u>6.215.071</u>

The cash and cash equivalents balance includes an amount of € 113,460 that is not immediately accessible. This relates to cash that are in a blocked account because of guarantees issued by the bank.

	31 December 2018	31 December 2017
	€	€
6 Reserves	1.609.860	1.778.874
	1.778.874	1.778.874
	-169.014	-
	1.609.860	1.609.860

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 €3.5 to € 4 million. The required level fits the actual size of the continuity reserve as per the balance date, taking into account the guarantees issued by Stichting IKV and Vereniging Pax Christi/Stichting Katholieke Vredesbeweging of both € 1.160.000 (total amount € 2.320.000).

	31 December 2018	31 December 2017
	€	€
7 Long Term Liabilities		
Rental discount on office St. Jacobsstraat	64.259	39.844

Explanation of the balance sheet (cont.)

	31 December 2018	31 December 2017
	€	€
8 Subsidy commitments		
Ministry of Foreign Affairs advance Strat. Partn. Dialogue and Dissent	1.669.686	2.064.607
Ministry of Foreign Affairs Strat. Partn. Dialogue and Dissent	*	444.773
Alliance partner Amnesty International		
Other Ministry of Foreign Affairs subsidy commitments	1.365.830	774.656
Payment obligation allotted grants	1.875.662	2.807.939
Other expenses to be paid	154.548	418.247
	<u>5.637.502</u>	<u>6.510.222</u>

*) The advance Strat. Partn. Dialogue and Dissent comprises the commitment of alliance partner Amnesty International, PAX being the lead of the alliance.

9 Other liabilities *)		
Income taxes and social security contribution	2.636	76.058
Value-added tax	25.018	25.018
Reservation for leave days and holiday allowance	626.088	612.747
Payable salaries and pension contributions	-	22.171
Other debts, accruals and deferred income	226.541	163.292
	<u>880.283</u>	<u>899.286</u>

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

Off-Balance Sheet Assets and Liabilities**Guarantees**

PAX has provided a bank guarantee of € 113,460 to Hajofi, lessor of the office location St. Jabobsstraat, Utrecht.

Commitments

	<1 year	1– 5 year	>5 year
Partners	€ 2.476.756	€ 595.886	
Lease of equipment	€ 25.188	€ 87.731	21.785
Office rent *	€ 451.333	€ 1.076.578	
Service contracts	€ 173.820	€ 358.691	

*) The office rent contract includes a rent-free period of 183,000 EUR, that will be realized during the 5 year contract-period.

Events after the balance sheet date

No events have occurred between the balance date and the date on which the Supervisory Board adopted the annual accounts, which would effect the 2018 annual of the conditions of PAX at the end of the financial year or thereafter.

Explanation of the income and expenses account

	Actual 2018	Budget 2018	Actual 2017
	€	€	€
10 Income from Individuals			
Contributions private fundraising Vereniging Pax Christi	3.278	13.200	14.087
Contribution private fundraising Stichting IKV	57.864	61.000	60.241
Contribution private fundraising STIKAV	-	163.000	110.000
Collections	68.395	70.000	77.509
Donations	401.892	424.834	413.869
Legacies	67.690	100.000	52.713
	<u>599.119</u>	<u>832.034</u>	<u>728.419</u>

The contributions of Pax Christi, IKV en STIKAV are considered to be private fundraising, since the source is from private individuals.

11 Income from Companies			
Donations and charity discounts	149.892	-	15.377
	<u>149.892</u>	<u>-</u>	<u>15.377</u>

The income from companies is mainly incidental by nature.

12 Income from Lottery organisations			
National Postcode Lottery: regular contribution	500.000	500.000	500.000
National Postcode Lottery: project Lessons in Peace	513.632	359.155	130.634
National Postcode Lottery: project Story of the Refugee	581.699	950.000	637.680
	<u>1.595.331</u>	<u>1.809.155</u>	<u>1.268.314</u>

13 Grants from Governments			
<i>Direct</i>			
Ministry of Foreign Affairs, Strategic Partnership Dialogue and Dissent	12.678.894	13.870.122	12.561.992
Dialogue and Dissent Alliance partner	1.031.797	1.255.911	908.277
Dutch Embassy Juba - Action Plan for Peace	916	-	-
Other direct Dutch Government	411.905	1.580.005	1.202.469
Other direct Foreign Governments	1.247.642	1.479.607	1.126.061
	<u>15.371.154</u>	<u>18.185.645</u>	<u>15.798.799</u>
<i>Indirect</i>			
Other indirect	1.385.977	1.301.185	990.272
	<u>1.385.977</u>	<u>1.301.185</u>	<u>990.272</u>
Total grants from governments	16.757.131	19.486.830	16.789.071

*) The Strategic Partnership on Dialogue and Dissent allocated an amount totalling €59,500,000 for the Alliance for the period 2016 through 2020.

14 Funding from other non profit organisations			
Funding Churches	-	13.674	13.563
Joseph Rowntree Charitable Trust	41.250	-	50.349
Onther endowment funds	168.867	419.674	365.908
Other NGO organisations	424.226	219.914	218.222
	<u>634.343</u>	<u>653.262</u>	<u>648.042</u>

For a qualitative analysis of the extent to which income is recurring once or annually, reference is made to section 1.4 of this report.

Explanation of the income and expenses account (cont.)

15 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 on page 45.

Programme costs(x €1,000)	Indirect		Actual 2018	Budget 2018	Actual 2017
	Direct costs 2018	costs 2018			
	€	€	€	€	€
Community-based security and citizens rights	7.604	2.301	9.905	11.666	9.096
Dealing with the Past	1.628	509	2.137	2.226	2.136
Humanitarian Disarmament	1.204	755	1.959	2.277	1.984
Natural resources and conflict.	1.171	561	1.732	2.367	1.847
Protection of Civillians	786	444	1.230	1.414	1.169
Networks for peace building	96	-	96	-	-
	12.488	4.570	17.058	19.950	16.232
Dialogue and Dissent Alliance partner			1.032	1.256	908
			18.090	21.206	17.140

Details are shown in Table Itemisation of expenses.

Percentages spent

Income on behalf of the objective (x €1,000)	19.736	22.781	19.449
Percentage spent on objective in relation to income	91,7%	93,1%	88,1%

16 Fundraising

Cost of fundraising, as percentage of total income	2,4%	2,4%	2,9%
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17 Management and administration

Management and adm. costs, as percentage of total income	6,6%	3,7%	7,6%
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	Actual 2018	Budget 2018	Actual 2017
	€	€	€
18 Financial gain/(loss)			
Interest income	1.360	3.500	3.678
Interest expenses	-223	-500	-275
Payment charges	-23.012	-35.000	-29.338
Exchange differences	-19.349	32.000	49.622
	-41.224	-	23.687

19 Appropriation of result

On April 18 2019, the Supervisory Board of PAX Foundation discussed the annual report and the financial statements 2018. 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 18 2019 are Marieke de Wal (President), Wieger Bakker, Peter van der Veer, Marina van Notten, Janne Nijman en Tom Groot.

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 2018	Actual 2017
	€ x 1,000	€ x 1,000
Specification of personnel cost		
Gross salaries	6.104	6.115
Social security contributions	1.053	910
Pension	600	586
	<u>7.757</u>	<u>7.611</u>
Other personnel cost *)	1.173	1.281
Total personnel cost	<u><u>8.930</u></u>	<u><u>8.892</u></u>
Explanation of changes		
Change in personnel cost	146	
Change in other personnel cost	<u>108-</u>	
Total change in personnel cost	<u><u>38</u></u>	
	Actual 2018	Actual 2017
Employees (in FTE)		
Average # of FTEs in the Netherlands	116,3	113,5
Number of FTEs at the end of the year in the Netherlands	113,7	119,6
Average # of FTEs foreign	12,1	15,8
Number of FTEs at the end of the year foreign	13,2	14,3
Average # of FTEs Total	128,4	129,3
Number of FTEs at the end of the year Total	126,9	133,9
Change in number of FTEs at the end of the year in the Netherlands	-5,9	
Change in number of FTEs at the end of the year foreign	<u>-1,1</u>	
Total change FTEs at the end of the year	<u><u>-7,0</u></u>	

* The level of other personnel cost is mainly due to the investments in organisational improvements and the strengthening of administration and control, through hiring of interim staff.

Remuneration 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 additionally the branche guidelines Goede Doelen are applicable. Remuneration of PAX senior executives meet both the WNT legislation as the guidelines Goede Doelen Nederland.

Name	J. Gruiters	M. Struyk	R.T.J. van Delft	R.T.J. van Delft
Position	General Director	Director	Director on interim-basis	Director
Nature of employment	indefinit	indefinit	contract	definit
Hours	36	36	32	32
Parttime percentage (1 FTE = 38 hours)	95	95	84	84
Period	01.01-31.12	01.01-31.12	01.01-31.08	01.09-31.12
Remuneration (EUR)				
Gross salary	85.340	71.979	93.203	23.400
Holiday allowance	6.827	5.758		1.872
Year-end allowance	7.083	5.974		1.942
Total annual income	99.250	83.711	93.203	27.214
Pension costs	12.043	9.616		3.316
Total 2018	111.292	93.327	93.203	30.530
Total 2017	109.698	68.801	120.000	

The remuneration of M. Struyk and R.T.J. van Delft for 2017 deviates considerably from the remuneration for 2018 as a result of a different period to which this remuneration relates.

The annual income of the individual members of the Executive Board (employed), excluding pension costs, remains within the maximum of EUR 108.234 (J. Gruiters), EUR 97.077 (M. Struyk) and EUR 28.764 (R.T.J. van Delft), according to the "Regeling beloning directeuren van goededoelenorganisaties".

For an explanation of the policy and the principles for the management remuneration, please refer to section 1.5 of the management report.

Remuneration 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 additionally the branche guidelines Goede Doelen are applicable. Remuneration of PAX senior executives meet both the WNT legislation as the guidelines Goede Doelen Nederland.

Table 1a. Senior executives employed on a labor contract, plus executives contracted on interim-basis (as of 13 month of service).

Amounts x € 1	J. Gruiters	M. Struyk	R.T.J. van Delft	R.T.J. van Delft
Position	General Director	Director	Director on interim-basis	Director
Duration of position in 2018	01.01-31.12	01.01-31.12	02.04-31.08	01.09-31.12
Size of employment (in FTE)	1,0	1,0	0,9	0,9
Former executive?	No	No	No	No
(Fictitious) contracted employment?	Yes	Yes	No	Yes
Remuneration 2018				
Remuneration plus taxable expenses	€ 99.150	€ 83.511	€ 61.920	€ 25.342
Rewards affordable over time	€ 12.043	€ 9.616		€ 3.316
<i>Subtotal</i>	<i>€ 111.193</i>	<i>€ 93.127</i>	<i>€ 61.920</i>	<i>€ 28.658</i>
Applicable maximum	€ 174.000	€ 174.000	€ 64.409	€ 51.697
-/- Unpaid amounts	n.a.	n.a.	n.a.	n.a.
Total remuneration	€ 111.193	€ 93.127	€ 61.920	€ 28.658
Exceeding applicable maximum	No	No	No	No
Remuneration 2017				
Duration of position in 2017	01.01-31.12	01.04-31.12	see table 1b.	
Size of employment (in FTE)	1,0	1,0		
Remuneration plus taxable expenses	€ 97.735	€ 62.549		
Rewards affordable over time	€ 11.963	€ 6.252		
Total remuneration 2017	€ 109.698	€ 68.801		

Remuneration Senior Executives (format WNT)

Table 1b. Senior executive without employment contract (on consultancy basis) for the 12 month's period '18

Position		
R.T.J. van Delft, Interim Director Organisation		
Calendar year	2018	2017
Duration of position	01.01 - 31.03	01.04 - 31.12
Number of months	3	9
Applicable maximum (excluding VAT)		
Maximum hour rate	€ 182	€ 176
Applicable maximum on 12 months basis	€ 57.300	€ 202.500
Applicable maximum actual worked period	€ 259.800	
Remuneration (excluding VAT)		
Actual hour rate below maximum rate?	Yes	
Remuneration for the period	€ 31.283	€ 120.000
Total remuneration on 12 month's basis	€ 151.283	
-/- Unpaid amounts	n.a.	
Total remuneration	€ 151.283	
Exceeding applicable maximum	No	

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

Supervisory board members do not receive remuneration.

In the Report from the Supervisory Board (chapter 2) the members of the Supervisory Board are stated.

**Table: Itemisation of expenses
in €**

Expenses	Expenses on the objective						Fundraising	M & A cost	Total 2018	Budget 2018	Total *) 2017
	Community-Based Security and Citizens Rights	Dealing with the Past	Humanitarian Disarmament	Natural Resources Conflict & Human R.	Protection of Civillians	Networks for Peace building	Fundraising	Management & Administration			
a Grants and contributions	3.260.300	815.352	19.723	261.555	109.276				4.466.206	4.470.564	3.555.966
b Remittances to affiliated org						96.000			96.000	-	-
c Procurement	910.467	136.762	196.658	144.302	121.983		29.121		1.539.293	2.385.024	1.883.970
d Outsourcing	449.080	26.797	143.078	114.498	55.569		812		789.834	1.021.190	793.863
e Publicity and promotion	548.312	116.768	42.877	62.069	34.214				804.240	978.517	777.976
f Staff expenses	3.836.880	843.872	1.262.421	932.254	736.649		322.744	995.336	8.930.156	9.733.900	8.892.080
g Housing expenses	232.940	51.014	76.224	56.357	44.532		31.841	78.189	571.097	925.960	706.847
h Office and general expenses	546.739	119.736	178.907	132.276	104.522		74.736	183.518	1.340.434	1.496.920	1.409.102
i Depreciation	120.141	26.311	39.313	29.067	22.968		16.423	40.326	294.549	319.330	257.731
Total	9.904.859	2.136.612	1.959.201	1.732.378	1.229.713	96.000	475.677	1.297.369	18.831.809	21.331.405	18.277.535
	52,6%	11,3%	10,4%	9,2%	6,5%	0,5%	2,5%	6,9%			
Dialogue and Dissent Alliance partner									1.031.797	1.255.911	908.277
									19.863.606	22.587.316	19.185.812

*) Restated for comparison reasons: staff expenses less €426,049 in favour of Office and general expenses

Explanation to expenses and distribution:

- a Payments to partner organisations with whom we work when carrying out projects
- b Payments to related organisation (STIKAV)
- c Direct programme costs, i.e. purchasing, hiring, travel and accommodation expenses
- d Hiring specialists for research and reporting
- e Direct programme costs for communication
- f-i The total cost of the organisation is based on the actually realised hourly rates 2018, allocated to the above mentioned TOCs (direct) and cost types (indirect)

Approval Financial report and Appropriation of result

Date: 18 april 2019

Supervisory board

Marieke de Wal

Wieger Bakker

Peter van der Veer

Marina van Notten

Janne Nijman

Tom Groot

Board of directors

Jan Gruiters

Miriam Struyk

Radboud van Delft

4. Other information

4.1 Branches

In 2018, PAX maintained branch offices in

- . South Sudan and
- . Congo



Independent auditor's report

To: the Executive Board and the Supervisory Board of Stichting Vredesbeweging PAX Nederland

Report on the accompanying financial statements in the annual report

Our opinion

We have audited the financial statements 2018 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 2018, and of its result for 2018 in accordance with the Guideline for annual reporting 650 'Fundraising organizations' of the Dutch Accounting Standards Board and the requirements of the Wet normering bezoldiging topfunctionarissen publieke en semipublieke sector (WNT).

The financial statements comprise:

- 1 the balance sheet as at 31 December 2018;
- 2 the statement of income and expenses for 2018; and
- 3 the notes comprising a summary of the accounting policies and other explanatory information.

Unaudited compliance with the anti-cumulation clause in the WNT

In accordance with the 'Controleprotocol WNT 2018' (Audit instructions WNT 2018) we did not audit the anti-cumulation clause referred to in Section 1.6a of the WNT and Section 5 subsection 1 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.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing and the Controleprotocol WNT. 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 the '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.



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:

- the Management report 2018;
- report from 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.

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 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.

Description of the responsibilities for 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 organizations' of the Dutch Accounting Standards Board 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 errors or fraud.

As part of the preparation of the financial statements, the Executive Board is responsible for assessing the company'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 the board either intends to liquidate the Foundation 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 company's ability to continue as a going concern in the financial statements.

The Supervisory Board is responsible for overseeing the company'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 have detected all material errors and fraud during our audit.

Misstatements can arise from fraud or errors 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 the 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 scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- identifying and assessing the risks of material misstatement of the financial statements, whether due to errors or fraud, 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 errors, 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 Foundation'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 management's 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 Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company ceasing 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.

Amstelveen, 30 April 2019

KPMG Accountants N.V.

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