



Annual Report 2019

Stichting Vredesbeweging Pax Nederland

PAX
www.paxforpeace.nl

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Cover photo: Sudanese men and women celebrate outside the Friendship Hall in the capital Khartoum where generals and protest leaders signed a historic transitional constitution meant to pave the way for civilian rule in Sudan.

Credit: Jean Marc MOJON / AFP

1. Management report 2019

1.1 Vision, core values, mission and objectives

VISION

It is our conviction that every person has a right to a dignified life. PAX believes that human dignity is the basis for peace and justice, and that every person has the right to live free from fear. 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.

CORE VALUES

Human dignity, solidarity and the public interest shape the values of our peace work. Ultimately, these define the quality of our peace work, the critical eye for exposing, interpreting and tackling social injustice, violence and human rights violations.

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 independent from private, party political or national interests.

PAX is rooted in the Christian tradition and inspired by a 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 public interest, for all people. The call for peace can also be heard in other religious and humanistic 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 focus on protecting 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

Statutory objective

PAX was founded in 2006 by the Association Pax Christi Netherlands (Pax Christi) and the Foundation Interchurch Peace Council (Interkerkelijk Vredesberaad, IKV). The statutory objective of PAX is to execute programmes, projects and services for IKV and Pax Christi, as well as to execute programmes, projects and services for third parties, as long as these dovetail with the objectives of IKV and Pax Christi. The statutory objective of IKV is to promote solutions for situations of crisis and war. The statutory objective of Pax Christi is to promote peace in the broadest sense.

Five-year strategy

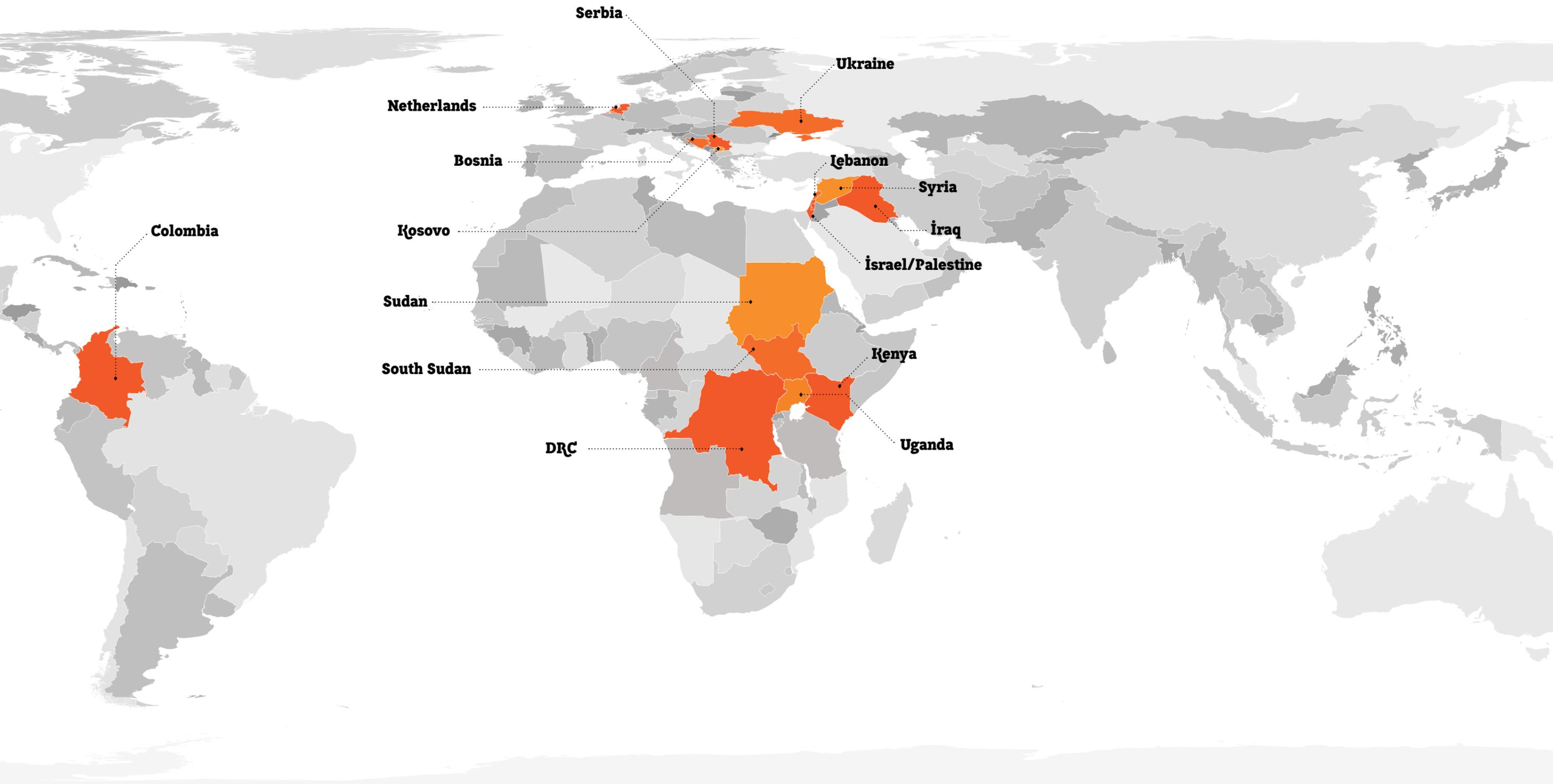
PAX's work in 2019 was guided by its 2016-2020 strategic framework 'Peace. Who's in?' and the strategy's update in late 2018. The framework articulates the following aims:

- ◆ Enhance the protection of civilians from war violence by monitoring and advocating compliance with international humanitarian law, contributing to the resilience of local communities and strengthening local capacities to cope peacefully with conflict.
- ◆ Support civilians in fragile states and war zones by making their voices heard in policy processes and decision making, both locally, nationally and internationally.
- ◆ Develop – together with young activists – non-violent action as a strategic response to violent repression by government and security actors in fragile and conflict-affected regions.
- ◆ Strengthen PAX's role in connecting actors working in local, national and international arenas to protect civilians against war violence.
- ◆ Develop a programmatic approach for supporting peace activism in the Netherlands, on the one hand by aiming to mobilise solidarity with people living in conflict-affected situations, and on the other hand by promoting depolarisation and social cohesion in the Netherlands.

Themes and Strategic Objectives

To achieve our mission we work on five themes in fifteen countries in the Middle East, North-east and Central Africa, Europe and Latin America and at the international level. For each of the five themes, a theory of change has been elaborated that specifies how interventions will cause actors to change their behaviour and how these changes will help us to achieve our strategic objectives.

THE COUNTRIES WHERE WE WORK



PAX in Colombia

In 2016, the FARC and the Colombian government made peace after more than 50 years of armed conflict. However, the implementation of the historic peace accords has been slow and difficult. Due to the activities of new and recycled armed groups it is still very dangerous to work towards peace in parts of the country. Social leaders, including PAX partners, are receiving death threats.

For years, PAX has been supporting the victims of the war in Colombia in their pursuit of truth, justice and redress. In February, we entered into a partnership with Colombia's Truth Commission, as we had previously done with the Peace Tribunal. We help victim organisations, with whom we have built up a relationship of trust over the years, to document and present evidence to both institutions, and train them for their participation in official peace programmes.

With the donation we received from the Dutch Postcode Lottery in 2019, we can continue this important work in three regions that are most affected by the war and which also face extreme socio-economic inequalities and conflicts over land and large-scale mining. Despite the insecurity and threats, women and men muster up the courage to speak out against violence and injustice. Their message is clear: truth, justice and reconciliation are essential to stop violence and achieve lasting peace.



Each theme has between one and three strategic objectives:

Five thematic Theories of Change

Community Based Security & Citizens' Rights

- ◆ Civic change agents and their communities act as peacebuilding 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.

Since 2019, we have added a sixth theme, **peace activism and advocacy**. This includes a number of interventions and crosscutting themes that are supportive to the five main themes, such as gender, activism, capacity building, lobby, advocacy and communication.

This new theme also includes PAX work in the Netherlands. In 2019, two theories of change have been developed to guide this part of PAX's work during the coming years:

Two Theories of Change

Organise and mobilise public support and pressure in the Netherlands

- ◆ The Dutch public acts as a civic change agent by contributing positively to the protection of civilians against acts of war, to ending armed violence and to building peace with justice.

Peaceful and inclusive society in the Netherlands

- ◆ Solidarity increases between civilians from different cultural and religious backgrounds.

1.2 Achieving Objectives

WORKING ON CHANGE

Realising PAX's mission requires transformative change at local, national and international level. PAX aspires to take an active – and from time to time leading - role in these transformative processes, in our own society and internationally. On the other hand, PAX takes a supportive role in response to the desire for peace expressed by civilians in areas of conflict, fragility or repression. We support citizens in organising themselves, in acting as civic change agents for peace and justice and in linking them with national and international allies.

In our aim for transformative change, we engage with holders of power, formal and non-formal authorities and companies, in alliance with our local partners and international networks. We seek to influence them towards positive change that is conducive for inclusive peace and ending violence. Our intervention strategies include:

1. Capacity development
2. Research and monitoring
3. Building bridges between (antagonistic) groups
4. Facilitating dialogue
5. Advocacy and campaigning.

Theories of Change explain how these interventions lead to behavioural change of key actors and how these behavioural changes lead to the strategic objectives. By testing these assumptions and learn from it, we continuously challenge ourselves to improve the quality and effectiveness of our work.

PLANNING, MONITORING AND EVALUATING FOR RESULTS

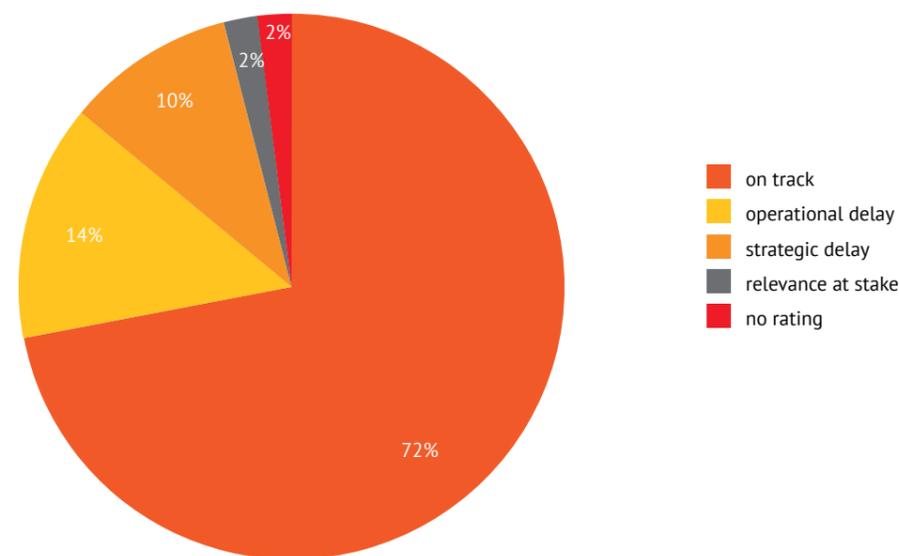
PAX has an actor oriented planning, monitoring and evaluation system. Project design focuses on the behavioural change of actors (outcomes) required for realising the strategic objectives in a specific context. Project specific theories of change describe the logic between the project interventions and the desired outcomes. By monitoring our interventions and outcomes, we are able to track the implementation of our interventions (progress) and our contribution towards the strategic objectives (contribution to change). By evaluating our projects, we are able to validate our progress and contribution in terms of efficiency, effectiveness, relevance and sustainability.¹

PROGRESS

In 2019, fifty projects were started, ongoing or finalised. Per end of year, programme staff assessed the progress in their projects. The diagram below shows the results of that monitoring exercise. The reasons for delay and/or a shift in project focus include:

- ◆ Changes in context; projects in Syria for instance felt the regain of control by the Assad regime, leading to an extremely repressive and hostile environment for civil society activities.
- ◆ New insights with regard to opportunities for results; the Dealing with the Past project in Kosovo for instance widened its scope from a more narrow focus on the Kosovo Special Court to a plea for an overall citizen-driven Dealing with the Past strategy for the country.
- ◆ Staff changes (e.g. Western Balkan projects)
- ◆ Financing opportunities.

FIGURE 01 2019 PROGRESS IN PROJECTS



¹ In 2019, five external evaluations were finalised. An additional one started and will be finalised in 2020.

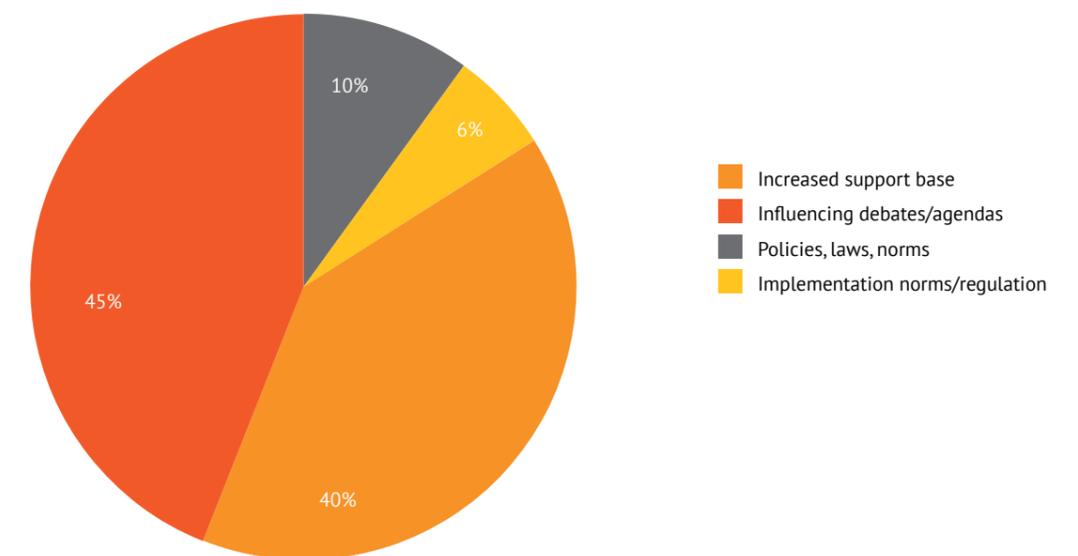
CONTRIBUTION TO CHANGE

The monitoring by programme staff shows that PAX projects contributed substantially to 124 changes in the behavioural of actors that we consider important for achieving our strategic objectives. These positive changes include (in order of increasing relevance for transformative change):

- ◆ increased support base for the desired change amongst the population
- ◆ increased influence of (specified groups within) civil society in public and political debate and space to engage with relevant authorities
- ◆ changes in laws, policies, norms/attitudes
- ◆ implementation of those new norms and regulations leading to improved living conditions for (specified groups within) the population.

What we may conclude is that the majority of the positive changes are classified as an increased support base for change (40%) or as an increased space and influence of us and our partners on policy debates and political processes (45%). These are preconditions for more structural change (changes in policies, laws, norms and attitudes and the implementation of those norms and regulations leading to real change for citizens). The lower percentages for these changes (10% and 6%) illustrate that they are harder to realise.

FIGURE 02 CONTRIBUTING TO CHANGE



Changes in Sudan

2019 marked momentous change in Sudan. In April, president al-Bashir was ousted after 30 years in power. His arrest followed months of peaceful mass protests led by the young generation as well as women of all ages. Despite deadly violence used against the demonstrators, the women kept singing "We will not remain silent for fear of an unjust ruler - the fear, oh the fear, she is nothing!"

Since 2014, PAX has been supporting and training civil activists in Sudan in skills and tools for peaceful resistance and action. These activities increasingly had to take place underground, within people's homes. The mix of participants reflected the broad civic movement that was forming: from teachers, students and doctors to women selling tea on the roadside and taxi drivers.

One of the trainers we support participated as the only woman in the negotiations for the power-sharing deal between the military and civilians concluded in August.

The transitional government soon repealed a law that for decades had severely restricted how women dressed and acted in public. This is another step towards the change that the Sudanese people so courageously demanded: from a country ruled by a racist, violent and corrupt government to an inclusive, peaceful and democratic society.

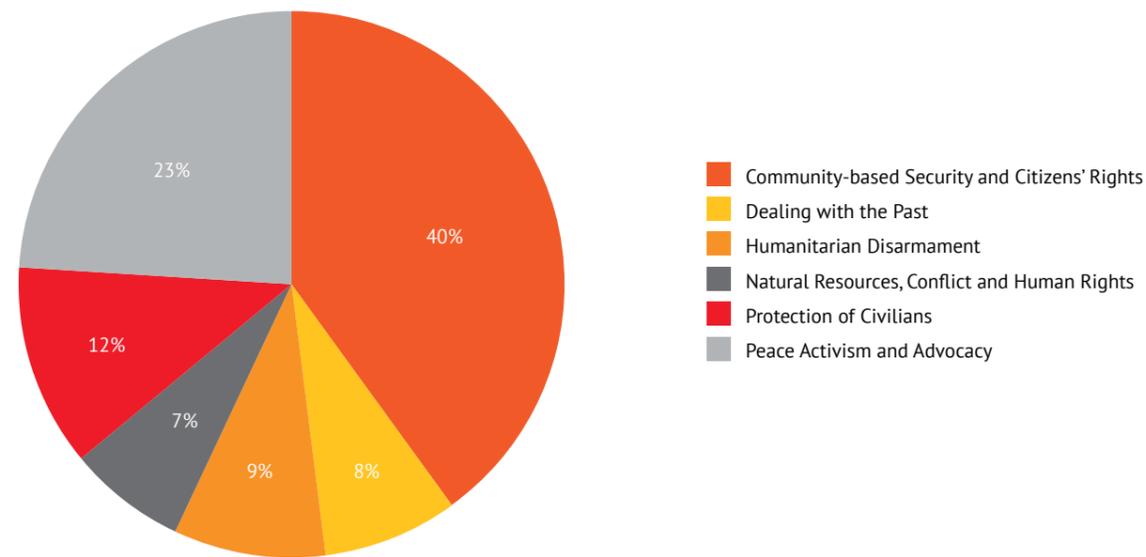


SELECTION OF PROJECTS

The choice of projects is guided by PAX's mission and its five years strategic framework. In addition, priorities are set based on context analyses, potential PAX added value and financing opportunities.

The diagram below, shows how the selection process translated into expenses per theme.

FIGURE 03 EXPENSES PER THEME



INTERNATIONAL PEACE WORK - ACHIEVEMENTS 2019

Community-based Security and Citizens' Rights

In fragile contexts where governments are unable or unwilling to protect the population, PAX supports local actors working on community-based security. This kind of projects typically result in establishment of peace committees or other community-based organisations, dialogue between (formerly) antagonistic groups, dialogue between civilians and authorities, peaceful arrangements for conflict resolution and implementation of these arrangements.

In repressive contexts, project activities mainly focus on providing advice and training in effective non-violent action by peace activists and human rights defenders, as a strategy to counteract authorities' divide-and-rule tactics, to regain space for civil and political participation and ultimately to convince authorities to respond to the desires and needs of the population. Monitoring and documenting human security and human rights violations help define clear asks and mobilise (international) third-party support.

Tough power structures and unpredictable dynamics usually characterise both fragile and repressive contexts. Therefore, bringing about the desired change in these contexts is never a straightforward

plannable process, but always a complex one, full of obstacles and sometimes unexpected opportunities. Achieving results in complex situations also requires joining forces. In the Community-based Security and Citizens' Rights programme, Amnesty International Netherlands is a major ally.

Examples of positive change in 2019 resulting from PAX projects can be found in South Sudan, DR Congo, Iraq and Syria.

In Juba, the capital of **South Sudan**, the youth network 'Youth for Peaceful Co-existence' supported by PAX and its partner took the lead in improving relationships between the different ethnic communities in the city. They campaigned against sectarianism and hate speech through community peace forums and events. In several residential areas, insecurity decreased and interaction between communities from different ethnic backgrounds increased. In addition, the campaign contributed to the government's decision to prepare a bill against hate speech.

Several conflicts on the use of land are the focus of PAX projects in the north-eastern part of **DR Congo**. In Bafwasende territory, local authorities, miners, lodgers and local communities signed a protocol to legislate the exploitation of natural resources. After sensitisation, networking with stakeholders and mediation, the protocol has reinforced transparency and the rule of law and increased pacification in the area. Erosion of land forced people in Isangi territory to resettle, which increased clashes and distrust between tribes, which, moreover, were exploited by local politicians. A long-term mediation process led to the signing of a mutual agreement and a public traditional ceremony in which the Topoke tribe handed over a piece of land to the Lokele tribe. The establishment of a national park in Ubundu territory created conflict between different local communities, the park and security authorities, with some of the local communities forming an armed self-defence group. Mediation by PAX and its partner led to an inventory of claims, weapons being discarded and an agreed consultation framework for further conflict resolution.

In the past few years, local peace committees (LPCs) have been set up in Ninewa province, **Iraq**, consisting of people from different ethnic or cultural backgrounds. When the project started, authorities applied divide-and-conquer tactics to win over community groups, at the expense of others. Now, authorities consider the LPCs to be valid representatives of the Ninewa population and important voices in designing their policies. In 2019, the local committees elevated their campaign to the national level by advocating in Baghdad for fairer and quicker compensation for victims of violent conflict.

In 2019, Iraqi women's groups institutionalised their cooperation with the Council of Ministers – Women's Empowerment Department, in particular in view of joint mechanisms to address sexual violence during conflict. Also, at the regional level they successfully advocated for women to play an active role in the security and police sector, a safe location for female victims of violence to report their cases, a hotline for reporting cases of violence and an improved system for processing them. The visibility of women in the media has increased, and several radio and TV channels have provided a platform for discussing issues of violence against women.

The violent response of Iraqi authorities to the protests taking place in the country since October 2019 substantially changed the scene for activists and human rights defenders. PAX and its partners had to postpone some of the planned activities and will reconsider their strategies in early 2020.

In **Syria**, PAX and its partners support victims of sieges and forced population transfers in claiming their rights for housing, land and property (HLP rights). These issues are affecting millions of Syrian civilians and are a major obstacle to peace. By lobbying the European Union PAX and its Syrian partners helped to persuade the EU to focus more on these issues, for instance during the Brussels conference 'Supporting the Future of Syria and the Region' and in imposing sanctions on businesses involved in the Marota reconstruction project on expropriated property.

South Sudan: Celebrating and consolidating achieved results

In 2015, communities and the leadership of the Nuer in Southern Unity and the Dinka in Eastern Lakes were not on speaking terms. Trade had fallen still and cattle was being raided. The people, however, indicated that they wanted change. To address their wish, Assistance Mission for Africa (AMA) launched its 'Portals to Peace' project, promoting peace between the Nuer and Dinka in the region.

Communication lines between local leaders were restored and peace committees, traditional courts and community police were trained on both sides of the 'frontline'. Monthly forums and community dialogues were organised. Women were empowered and men were made more gender aware. Not much later, people expressed their wish to meet and sit 'with the other side', women started to take seats in the traditional courts, opening the door for gender-related cases, peace committee members started to solve disputes, traders came back to the region and grazing areas where once again shared.

In 2018, the hard work was consolidated by two peace conferences (one on each side) in which both youth and women, who are too often excluded from such meetings, participated. Agreements were drafted and signed. To celebrate these important steps, AMA organised an Inter-State Peace Caravan in May 2019 with activities in each project location: peace rallies, marches and tournaments, traditional dances with peace messages, and shared conflict analyses with communities.

The caravan was not without challenges: from inaccessible roads to national fear in Sudan for demonstrations. And, of course, problems and conflicts in the Southern Unity / Eastern Lakes region still exist. Yet against the background of shrinking civic space, the Nuer and Dinka communities are now better equipped to listen to each other, engage in dialogue, come to agreements and return stolen property. In short, solve their issues in a non-violent way.

Several **new projects** were launched in 2019. One of these projects was a partnership with Lebanese and Syrian CSOs to monitor the fate of Syrian refugees returning (forcibly or voluntarily) from Lebanon to Syria. Another project started in Ukraine and seeks engagement of religious leaders and communities to use religion as a force for peace.

Dealing with the Past

Internationally, Dealing with the Past (DwtP) and Transitional Justice are increasingly recognised as a prerequisite for durable peace. Many PAX projects included in the above-described Community-based Security programme share that recognition and integrate DwtP elements. The necessary attention for housing, land and property rights in Iraq provides a clear example.

Projects labelled as 'dealing with the past' focus on overcoming traumas in communities, (re) building mutual understanding and trust between communities, and providing them with access to processes of truth finding, justice and remedy for victims. Building inclusiveness into those processes reduces the risk of violent conflict recurring. In 2019, the programme was implemented in Colombia, DR Congo and the Balkans. A few examples are provided below.

In **Colombia**, PAX and its partners help family members of victims of enforced disappearance to take an active role in truth finding and transitional justice processes. Of course, this is a very sensitive process. Victims and victim organisations receive psycho-social support to enable them to face the past, get information on how to participate in transitional justice mechanisms, and learn how to investigate and document specific cases of enforced disappearance. PAX and its partners selected the cases that needed to be documented and prepared coordination with other civil society organisations and the National Search Unit. The next steps include actual documentation and preparation of reports.

The Peace Agreement between Colombian authorities and the FARC-EP specifies that processes of reintegration and transitional justice should be implemented in an ethnically appropriate manner and in coordination with ethnic authorities. In the Cauca region, ethnic authorities – supported by PAX – defined coordination mechanisms with the Special Jurisdiction for Peace with regard to these processes for former indigenous FARC members, and started implementing reconciliation initiatives in their communities in 2019. Victims and community organisations gathered data for reports on human rights violations that will be submitted to the Special Jurisdiction for Peace in 2020. Women's organisations started to document cases of sexual violence. After years of silence and in spite of the challenging security context, they – with PAX's support – are taking steps towards truth finding and are considering cooperating with the Truth Commission in the future.

In the **Balkans**, conflicting narratives on the wars in the 1990s are still causing a political and social divide along ethnic and national lines. In 2019, PAX and its partners brought together 120 young people from five Western Balkan countries and different ethnic backgrounds. After receiving training in careful fact-finding research, they exchanged and challenged dominant narratives, studied specific events in places of atrocities and, in small multi-ethnic groups, came up with common narratives or stories on specific wartime events. The 'shared narratives' will be published in 2020.

Protection of Civilians

The protection of civilians is a key objective of NATO and United Nations' missions. Practice shows, however, that operationalising the objective is far from easy or self-evident. PAX is convinced that human security will improve once international interventions are based on the local security priorities of citizens and their communities. Projects within the Protection of Civilians (PoC) programme therefore aim to advise international actors on how to engage with civil society and generate data on civilians' security priorities.

In 2019, PAX advised the UN and NATO on standards for comprehensive **PoC trainings** and participated as a trainer and evaluator in the first UN/NATO Comprehensive PoC course. The training activity includes emphasis on civilian perspectives on security. PAX's staff members also provided NATO with input for developing a PoC Handbook for the military, a human security policy and a review of PoC policy implementation to date.

In cooperation with local partners in South Sudan and Iraq, **Human Security Surveys** were conducted, which gathered data on how inhabitants experience the security level in specific regions and their priorities for improvement. Data are being analysed, publicly reported via dashboards and used as input for facilitated dialogues in communities, between civilians and authorities, and between civilians and security providers. In South Sudan, the UN mission was keen to maintain contact about the results of the Human Security Surveys and contribute to the questionnaires.

In **lobbying and advocacy** activities in the Netherlands and internationally, specific attention went to transparency and accountability on civilian harm and casualties as a consequence of international interventions. **Public debate** was stimulated through public screenings of movies and public statements. In addition, non-public correspondence brought the issue to the attention of politicians.

In the course of 2019, the Dutch Ministry of Foreign Affairs and PAX agreed on a strategic partnership aimed at continuing and expanding the PoC programme up to the end of 2023.

Natural Resources, Conflict & Human Rights

The UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises are the basis for PAX's support for victims of human rights violations by companies exploiting natural resources. Institutional investors are considered major allies in putting pressure on these companies and holding them accountable. In 2019, PAX worked on cases in Colombia, South Sudan and DR Congo.

In the Netherlands, the financial sector's Agreements on Responsible Business Conduct provide important platforms for dialogue on corporate social responsibility (CSR) between financial institutions, unions and civil society organisations such as PAX.

Results in this programme may come in the form of victims organising themselves and formulating their asks, companies recognising their responsibilities, companies and victims entering into a dialogue, agreements between companies and victims (and victim organisations), and financial institutions weighing human rights due diligence in their financing decisions.

As a result of PAX's 'Blood Coal' campaign, European investors called on mining companies to apply due diligence standards to address the human rights impacts of their operations in **Colombia's** Cesar mining region, while energy utility companies persisted in their call to the mining companies to start a reconciliation dialogue with victims of the conflict. One company resumed rapprochement with the Asamblea Campesina, the platform of local victims' associations. The Asamblea helped victims in meetings with the mining companies and government agencies to confidently defend their rights.

The Lundin case has its roots in the late 1990s and refers to the practices of Lundin Petroleum during years of civil war in oil-rich areas of Sudan (now: **South Sudan**). The war crimes investigation against Lundin Petroleum has been extended, pushing forward the starting date of the trial to late

2020 at the earliest. In 2019, the Swedish Prosecution Authority opened a second, parallel criminal investigation into witness tampering by executives of the company. PAX advocacy efforts in 2019 helped to lay the foundation – in terms of awareness raising, trust and coalition building – for successful engagement with shareholders after the opening of the trial. In the meantime, a number of institutional investors in the company are divesting.

In Haut Uele province, **DR Congo**, tensions between the local population and gold mining companies decreased after a dialogue started between the communities, artisanal miners and industrial companies. PAX and its partner provided knowledge to the communities and accompanied them as they engaged with the companies for the first time. The agreed dialogue framework will guide the next steps.

Parties to the Dutch **Banking Sector** Agreement published a paper on roles, responsibilities and opportunities to enable remedy for victims of human rights abuses by banks' business customers. Parties to the Dutch **Pension Funds** Agreement on responsible investments published a toolkit to support investors with the implementation of the OECD Guidelines and UN Guiding Principles. The Agreement on Responsible Investments in the **Insurance Sector** was published in July, 2018. According to the first monitoring report, published in 2019, 50% of Dutch insurance companies signed the agreement, thus committing themselves to the OECD Guidelines and UN Guiding Principles.

Humanitarian Disarmament

PAX considers the international regulation of controversial weapons, their production and trade as important contextual factors in violent conflicts in or between countries. Research, advocacy and lobbying therefore aim for prohibition, reduced production and reduced financing. On an annual basis, results come in the form of remarkable political steps, changing policies and activities of producing companies and investors, and – as an intermediate result – growing stigma on using, having, producing or financing specific categories of weapons. In 2019, examples of this kind of result were achieved for explosive weapons, killer robots, cluster munitions and nuclear weapons.

The political process towards a political declaration to ensure the protection of civilians from harm arising from the use of **explosive weapons in populated areas**, has gained traction. An international conference on the issue attracted participants from more countries than ever before. Ireland proposed a clear roadmap, for example, and informal consultations started with over 200 participants. A political declaration, although not juridically binding, will be an important step in reducing the harm caused by the use of these weapons. The roadmap aims for a declaration by mid-2020.

PAX research on lethal autonomous weapons, or **killer robots**, received considerable media attention in 2019, both in the Netherlands and internationally. The number of states calling for a ban is growing. In the Group of Governmental Experts, Belgium, Ireland and Luxembourg called for a strong political declaration and/or a legally binding instrument. Insufficient support within the Group for concrete policy outcomes, however, has prolonged discussions for another two years. In the meantime, the first examples have emerged of technology and arms companies as well as financial institutions that have a policy or position on lethal autonomous weapons. These front runners in the private sector are helping to establish a norm against killer robots and provide valuable precedents for engaging with other companies and investors.

Stop Killer robots

More and more people believe that the decision to take a human life should never be delegated to a machine. The Campaign to Stop Killer Robots, co-founded by PAX, is the motor behind this growing global conviction. In 2019, the campaign grew from 88 to 129 members across 60 countries. In the Netherlands, 80% of surveyed citizens want a ban on lethal autonomous weapons. The Dutch parliament adopted a motion calling for binding international rules for new weapon technologies, including lethal autonomous weapons.

PAX builds on this growing momentum with the launch of a new project that engages the private sector: reprogrammingwar.org. We urge arms producers to adopt policies that rule out their contribution to the development or production of killer robots. Our report *Slippery Slope* ranks 50 arms producers according to the risk that they could develop such weapons. The activities of companies like Lockheed Martin and Boeing raise great concerns. We also surveyed 50 major tech companies and found that many are working on potentially dangerous artificial intelligence applications. Our report *Don't be evil?* reveals the attitudes of companies like Google, Amazon and Microsoft.

Research presented in the report *Convergence* gives reason for cautious optimism: European states increasingly agree that there needs to be meaningful human control over weapon systems as well as concrete measures to ensure this. PAX calls on them to show leadership and develop new legislation to prevent that killer robots become a reality.

PAX also keeps urging the UN to start negotiating a pre-emptive ban on lethal autonomous weapon systems. The time left to stop a whole new arms race is fastly ticking away.



Cluster Munitions (CM) is a category of weapons for which a binding prohibitive treaty exists. In 2019, there was an increase in the number of countries to publicly state that they understand the contents of the treaty to mean a ban on investments in CM as well. The prohibition of investments is a strong incentive to stop financing cluster munition producers. The Israeli company Elbit Systems experienced the consequences after acquiring cluster munition producer IMI in late 2018. In early 2019, the company confirmed to PAX that they terminated CM production and would not resume it in the future.

An international ban on the prohibition of **nuclear weapons** is also in place. The treaty has not entered into force yet, however, as the number of countries that ratified or acceded to the treaty did not cross the threshold yet. This is not preventing financial institutions from taking their responsibility: in 2019, four of these institutions ended significant financing relationships with nuclear weapons producers and 13 published clear policies avoiding any financial exposure to companies associated with the production of nuclear weapons. On a less positive note, all nuclear-armed countries are developing new nuclear weapons.

Finally, attention for the **environmental impact of armed conflicts** is increasing in (international) political fora and among societal actors such as non-governmental organisations and scientists. At the UN level, significant debate is taking place on the draft principles on the protection of the environment in relation to armed conflict. PAX contributed to that debate by organising and speaking at an Arria formula meeting in the UN Security Council.

Controversial arms trade

A terrible war has been raging in Yemen for years. Weapons made in America and Europe are widely used in attacks on civilians by Saudi Arabia, the United Arab Emirates and Egypt. The investigative report Day of Judgment documents this involvement and calls on Western manufacturers to immediately stop their arms deliveries.

In the context of the Fair Pension Guide launched this year, PAX examined the investments of ten Dutch pension funds in 14 companies that supply arms to countries involved in conflicts such as in Yemen. Only one pension fund does not invest in these companies. Overall, the other nine invest more than 1 billion euros – and so are actually sharing in the war profit.

One of the largest investing funds indicated that it could use the information in the report to screen its portfolio. PAX called on all pension funds to implement a policy as soon as possible ensuring that the pension money of Dutch employees no longer ends up

INTERNATIONAL PEACE WORK - PARTNERS, COALITIONS AND ALLIANCES

PAX would not be able to achieve the results outlined above without cooperating with others: civil society organisations in the programme countries, like-minded organisations in international coalitions and programme-specific alliances.

The network of **programme country partners** currently consists of 60 local non-governmental, community-based organisations and activists. PAX and its partners cooperate on the ground by implementing projects and programmes. In addition, most of the local partners receive financial assistance as well as support to develop their capacities. With a number of partners, the latter is becoming increasingly reciprocal, meaning that PAX and its partners are learning from and strengthening each other as they effectively work towards joint objectives.

Partnering with civil society organisations and activists in conflict-affected countries is a cornerstone of PAX's work. Joining forces is more imperative than ever for the effectiveness, impact and legitimacy of our work together. Yet the act of partnering between 'Northern' NGOs like PAX and their counterparts from the 'global South' has come under critical scrutiny, because of the structural asymmetry and power imbalance between the two. In 2019, PAX launched two major initiatives to investigate and improve the quality and setup of its relationships with Southern partners. First, we asked the Partnership Brokers Association (an independent specialist organisation in partnering) to conduct a survey among our partners to collect their views on PAX's partnering approach and their experiences with us. Subsequently, we organised a PAX-partner Roundtable, attended by a broad and representative range of partners, where the issue was further discussed. Whilst PAX's partnering approach is generally appreciated, partners encouraged us to further deepen our relationship with them, for instance through joint learning and by creating space for structural partner influence in strategic decision making. In 2020, we will design platforms and tools for this, together with our partners.

Particularly in the Humanitarian Disarmament programme, working in international **coalitions** is a central feature of PAX's strategy. The International Network on Explosive Weapons has already been mentioned. Other examples include the Campaign to Stop Killer Robots, the International Campaign to Abolish Nuclear Weapons (ICAN) and Fair Finance Guide International.

Programme-focused **strategic partnerships** operational in 2019 included:

- ◆ Amnesty International Netherlands (AINL - Strategic Partnership Freedom from Fear)
- ◆ PLAN and HealthNet TPO (South Sudan: Women and Girls for Change)
- ◆ Iraqi Al-Amal Association, Impunity Watch and Utrecht University (Iraq: Women, Peace and Security)
- ◆ Peace and Freedom Organisation (PFO), Palestinian Center for Peace and Democracy (PCPD) and ALEF – Act for Human Rights (Musawat: Freedom of Religion and Belief)
- ◆ Impunity Watch is also a strategic partner in the implementation of the PAX Dealing with the Past programme

During a two-day workshop, AINL and PAX deepened their understanding of each other's thematic focus (human rights versus peace work), approaches and perspectives. This joint learning exercise strengthened the basis for continued cooperation in the future, as the two parties confirmed the interlinkages between the two fields, resolved misunderstandings, clarified possibilities and limitations of both organisations, shared commitments and generated ideas.



PAX FOR PEACE: ENGAGING CITIZENS IN THE NETHERLANDS

To achieve its objectives, PAX cooperates with international partners and seeks and finds support from its Dutch constituency. In the Netherlands, PAX works with 89 **Embassies of Peace**, with almost 50,000 people who roll up their sleeves when it really matters. That amplifies what we say and gives it more weight.

PAX works towards organising global citizenship and mobilising attention and support from the general public, politics and businesses in the Netherlands for themes related to peace and justice. Some PAX campaigns in the Netherlands are directly linked to international projects. In 2019, PAX and 13 other organisations called on Dutch Minister Blok to ask Russia for clarification about the crimes committed against the civilian population of Idlib, Syria. Thousands of Dutch people supported the campaign. We also held a silent protest at the Russian embassy in The Hague and at Utrecht Central Station. Expressing our solidarity offered meaningful moral support to people in Idlib. We also held a fundraising event to alleviate some of the pressure on our partners in north-eastern Syria.

Connecting people

PAX's work looks at global linkages, whether they are political, economic or social, between people and issues in (post) conflict areas and those in Dutch society. PAX brought together three of its partners from Iraq and Syria to speak to Dutch parliamentarians about the prosecution of ISIS fighters. We also co-organised and spoke at a peace demonstration in the wake of the Christchurch shootings. Similar to our international work, human dignity, solidarity and the common good are the core values we promote in the Netherlands.



Courage and solidarity

In October, tens of thousands of people fled Northeast Syria when - after the withdrawal of American troops - Turkish bombs started falling on villages and towns. With this offensive against the Kurdish Syrian forces, Turkey wanted to create a 'safe zone' to relocate two million Syrians who had fled to Turkey.

PAX condemned the offensive and quickly launched an action to support its partners in the area. They were organised and ready to provide immediate assistance to the many refugees, together with the local host population. Donations from the Netherlands helped them to quickly set up three reception centers for 750 people in school buildings in the city of al-Hassaka.

We have deep respect for our partners. Even in the most life-threatening situations, they hold on to their conviction that a free, democratic society can only be built by the people, together and from the bottom up.



The debate about refugees in the Netherlands is becoming increasingly polarised, like in other countries around the globe. The PAX project **'Story of a refugee'** helps to connect people and promotes dialogue on sensitive issues. It offers teachers and pupils in secondary schools a curriculum to discuss the background and position of refugees, prejudices and dilemmas related to migration. In 2019, 30 Syrian refugees who live in the Netherlands told their life stories to 6.200 students in 110 schools across the country. Combined with the results of previous years, the goal of reaching 10.000 students has now been met and even exceeded. A new study confirms that the project helps to reduce prejudice, stereotyping and discrimination. This is what the Integration and Society Knowledge Platform concluded, which looked into ways of battling polarisation. It confirms what we at PAX already knew: every time a former refugee tells his or her story, it opens hearts and minds.

Peace Week

Each year in September, during the Peace Week, PAX generates public attention for peace work in general. **'Peace connects beyond borders'** was the motto of the 53rd edition of the Peace Week. Together with local Embassies for Peace, churches and student groups, PAX held a large number of activities like lectures, Walks of Peace and other intercultural meetings. The Walks of Peace, which were usually organised with the National Council of Churches, brought together over 5.000 people. In the weeks before the Peace Week, PAX presented the PAX Dove to individuals who are committed to peace and to fostering new connections between people from all walks of life.

Brand awareness

Increasing our brand awareness is one of the targets we set out to achieve in order to expand our impact. It is therefore good news that the number of visits and visitors to our websites increased in 2019 compared to the previous year. An average of 12.000 users visit our websites each month. Our 'Behind every face there's a story' campaign, a call for solidarity, has helped attract more visitors. The campaign also helped to generate considerable growth in reach and involvement through social media like Facebook and Instagram. PAX's Twitter account has seen significant growth in followers and interaction with our content. PAX often appeared in the media in 2019. Internationally, more than 700 articles with a total reach of 373 million readers appeared in various outlets. In the Netherlands, we appeared in more than 900 articles with a total reach of 105 million readers. In addition to all of this, there were also dozens of (radio and TV) interviews in the Netherlands and in countries such as the USA and Canada, on Al Jazeera, in the New York Times and TIME magazine, to name a few.

FIGURE 04 PEACE WEEK 2019



1.3 Financial policy and financial results

The following is a summary of the financial results for 2019 compared to the budget and the results for 2018.

IN € X 1.000	ACTUAL 2019		BUDGET 2019		ACTUAL 2018	
		%	€	%	€	%
Income	18.470	100	20.088	100	19.339	100
Expenses						
On the objective	15.391	83	17.482	87	17.643	91
Fundraising	812	4	962	5	476	2.5
M&A	1.438	8	1.456	7	1.297	7
Financial loss	22				50	
Sum of income and expenses	807		188		-127	

The income in 2019 was 4% less than the income in 2018. Compared to the budget, revenue was €1.6 million lower. In 2019 the share of income from the subsidy under the Strategic Partnership with the Ministry of Foreign Affairs was 52%; in 2018 the share in total income was 64%. This programme with the Ministry will end in late 2020.

In order to reduce dependence on one large donor, we are focusing on fund diversification. Indeed, diversifying our fundraising activities did increase funding in 2019, although the 2019 budget constituted a larger increase. Most of these funds have a duration of two of three years, due to the project-based nature of these funding sources.

As a result of fund diversification, the costs of fundraising are also increasing. In 2019, the share of these costs was 4% of the income, while in 2020 the share of the costs will be around 5%.

The share of management and administration costs of the income was 8% in 2019. The current policy is to stick to the level of 7%.

The sum of income and expenses was about €0.6 million above budget. The reason for this is a donation from the Interkerkelijk Vredesberaad (IKV) of €1.2 million for our continuity reserve, which is the amount of the guarantee issued by IKV to PAX until 2018.

The level of the required continuity reserve is mainly determined by the financial risk. After allocation of the result for 2019, the continuity reserve of PAX comes to €2.3 million.

Taking into account the guarantee issued by Pax Christi, the continuity reserve is sufficient to cover the calculated risk. See section 1.4 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, donors and through legacies and bequests as well as from friends and participants of the annual Peace Week event hosted every September.

As a result, more than 18.000 members and donors supported PAX in 2019 with financial contributions or other types of in-kind support.

In order to fulfil PAX's mission and achieve impactful change for people, we are applying a proactive approach to raise funds for our programmes. We are working together with our donors to develop solution-oriented partnerships, build strong networks and ensure sustainability for our programmes. With this approach, we are aiming to diversify our donor base, which is reflected in our fundraising strategy. In 2019, with the end of the Dialogue and Dissent Strategic Partnership with the Dutch Ministry of Foreign Affairs approaching, diversification was even more crucial, and we successfully focused on forging stronger relationships with foreign governments. In 2020, PAX will continue this effort but will also attempt to strengthen our relationships with national and international foundations and other donors.

1.4 Risks and uncertainties

Risk management is a topic that needs continuous attention from management and other staff. Several teams are involved in risk management. The organisation director oversees this. PAX has a dedicated security advisor who develops security policies and procedures and who provides training and support to staff. In 2019, an external security advisor conducted a review of security policies and practices. Some improvements were made in 2019 and others will be made in 2020. Integrity policies have been reviewed and updated in 2018. Integrity issues are dealt with by an integrity officer. See section 1.5 for more detailed information on integrity. Reputation and reputational risks are handled by the Communications & Society team. Financial risks are handled by the Planning & Control team and income-related issues are handled by the Fundraising team. Compliance-related risks are also handled by the Planning & Control team. ICT and data-related risks are handled by the Facilities & ICT team.

PAX has formalised its risk analysis. The risks are re-assessed every year according to actual and anticipated changes in the categories mentioned below. Based on the updated risk assessment, the required level of the continuity reserve has been calculated as at least €2.8 million (2018: €3.5 to €4 million).

The required level matches the actual size of the continuity reserve (being €2.3 million) as per the balance date, taking into account the guarantee issued by Pax Christi (being €1.2 million).

The updated risk analysis has been presented to and approved by the Supervisory Board.

The **financial risk** (the highest risk in our risk analysis) relates to the ability to absorb financial shocks in the financing of our work. One grant from the Dutch government (Strategic Partnership) accounts for 52% 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 five-year grant. In our updated risk assessment, we have looked at five possible scenarios for the income level in 2021–2025 from this main source of income. We have calculated that we would need €0.9 million to cover the costs of downsizing plus continuing costs for office rent and depreciation in a scenario where our grant was substantially reduced (i.e. between 10% and 50% of the current amount). A worst-case scenario (less than 10% of current funding level from this source) is estimated to be very unlikely (less than a 2% chance). Such a scenario would be a direct risk to the continuity of the organisation. It is almost impossible and not cost-effective to cover the full costs of such a scenario from reserves, so therefore we have not included this in the calculation of the required level for the continuity

reserve. We do, however, include the full costs of €0.9 million for the other scenario, regardless of its (relatively low) probability.

The total financial risk is calculated at €2.1 million (2018: €2.8 million). This includes €1.1 million to cover remaining costs if other funding sources are not replaced by new funding.

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. Based on the grant framework from the Ministry of Foreign Affairs for Strategic Partnerships, we are confident that we can meet the criteria and qualify for a new grant. We are also developing a new fundraising strategy to increase income from other sources.

Other risks:

- ◆ We estimate the **risk regarding data privacy and data protection** as being similar to before.
Mitigation: devote continuous attention to data security.
- ◆ We have increased our estimate of the potential impact of the **risk of fraud and corruption** in terms of reputational damage as we may have underestimated this risk in previous risk assessments.
Mitigation: Make continuous efforts to raise awareness of potential integrity risks as well as improve policies and code of conduct.
- ◆ We calculate the **risk regarding personnel and the organisation** (regarding security issues) as being about the same.
Mitigation: implement security policy and guidelines as well as training activities.
- ◆ We have added two additional risks: breaching grant conditions regarding the **funding of terrorist activities** and **less income than budgeted from STIKAV** related to the rental by STIKAV of office spaces that are not in use. Mitigation of the former risk is by putting additional checks and controls in place and including related clauses in partner agreements. The latter risk is mitigated by increasing efforts and developing new plans by STIKAV for renting out available office spaces.
- ◆ We have no longer included **political and social risks**, as the impact is included under financial risk (potential loss of grant income due to political change).

The total amount needed to cover these other risks is calculated at €0.7 million. Together with the €2.1 million for the financial risk the total amount need for the continuity reserves is at least €2.8 million.

Potential impact of COVID-19 virus

Since February 2020 the world has been confronted with the spread of the COVID-19 virus. Most field activities by PAX and its partners are on hold for the time being, but other activities can continue.

The main priority for PAX and many of its donors is to reduce the impact of the COVID-19 crisis on the peace activities and to support our local partners to the best of our abilities.

PAX has immediately taken measures in order to continue their staff in the Netherlands and abroad to continue their work from home. Travels have been cancelled or postponed. We stay in close contact with local partners to support them during the crisis and with donors to inform them of the impact on planning and to consult them on potential impact on funding and the possibility to adjust the planning and the conditions of the funding to the current situation.

Our main donor, the Dutch Ministry of Foreign Affairs has confirmed to be as flexible as possible regarding the allocation of costs to approved projects and the Strategic Partnership when costs have to be made to continue the projects or have to be used for other activities than originally was planned. Also other major donors have indicated to be flexible in this regard as well in adjustments to the planning.

Based on this we expect for funding under the Strategic Partnership Dialogue & Dissent, which is 43% (€8.1 million) of our budgeted income in 2020, that this can be fully used in 2020, albeit maybe partly for different activities. This will then not impact this portion of our income.

For other institutional funding some activities and related income may have to be postponed into 2021. This relates to 51% (€9.8 million) of budgeted income. Depending on for how long field activities will have to be postponed this may reduce related income with 10-30% (€1-3 million), while costs would then be reduced with 5-15% (€0.5-1.5 million).

Income from STIKAV may be reduced with 25-75%, between € 36.000 and 109.000. No significant short term impact on other income is expected. No other short term (next 12 months) impact is expected at this stage.

Total net impact for the next 12 months may therefore be between €0.5 and 1.6 million.

In addition the impact can be limited by reducing the number of PAX employees. Of our staff 27% is on temporary contracts, so that means personnel costs are variable up to about €2 million. Please note that at this early stage there is a lot of uncertainty around these estimates.

Our liquidity and reserves position is sufficient to cover more than 12 months of expenditure, also irrespective of the gesture major donors have made to be as flexible as possible in financing the projects. The significant doubt associated with the current uncertainties related to the COVID-19 virus currently does not result in a material uncertainty related to such events of conditions that may cast significant doubt on PAX's ability to continue as a going concern.

Longer term impact, beyond June 2021, is difficult to predict, but in principle covered by the risks related to income as mentioned above under financial risks in the regular risk assessment.

Human Security Survey

Helping people in areas under conflict to have more say over their own security and protection, is the purpose of the Human Security Survey. This research method was developed by PAX's Protection of Civilians team and is currently applied in Iraq and South Sudan.

Our local partners lead the information collection process. With surveys and interviews they record people's experiences and perceptions about their security: of men and women, young and old, displaced people and host communities of all religions and ethnicities.

In 2019, a total of 2244 women and men from 3 provinces in Iraq (Salahaddin, Kirkuk and Basra) shared their experiences and perceptions about their day-to-day security. This information has been analysed and is used to initiate dialogues at local level about how citizens can be better protected. In Jubek, Eastern Lake and Payinjar, in South Sudan, we organised dialogues where community members, local leaders and authorities jointly drew up an action plan based on the findings of the 2018 Human Security Survey.

PAX and our partners also use the insights of the HSS to advocate with UN missions and national governments, police and the military for security strategies that are more reflective of civilians' actual needs and expectations.



1.5 Organisation and 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 organisation by the Association Pax Christi Netherlands (Pax Christi) and the Foundation Interchurch Peace Council (Interkerkelijk Vredesberaad, IKV).

Pax Christi Netherlands was founded in 1948 as an independent section of the international Pax Christi movement. It emerged during the aftermath of World War II 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. Currently six churches participate in IKV.

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

FIGURE 05 OVERVIEW DIAGRAM OF LEGAL STRUCTURE



Relations between IKV, Pax Christi, STIKAV and PAX

The four legal entities work closely together as one group on their shared mission. Pax Christi is an association of 2700 members in the Netherlands who support the work of PAX. IKV represents the voice of the churches on issues about war and peace. IKV and Pax Christi have no staff, peace programmes or other activities; these have been mandated to PAX. PAX runs all of the peace activities, manages all financial resources and employs all of the staff.

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. Pax Christi's highest body is the Council of Members. Pax Christi's statutory Executive Board partly overlaps with 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 partly overlaps with STIKAV's Executive Board and the Supervisory Board of PAX also serves as Supervisory Board for STIKAV. The members of the Supervisory Board who are nominated by Pax Christi also serve as Supervisory Board for Pax Christi.

When PAX was established in 2006, both Pax Christi and IKV decided to reserve equity as guarantees for PAX's continuity reserve. These guarantees were set at €1.160.000 each. In 2019, IKV transferred this amount to PAX to be used as part of its continuity reserve. The financial guarantee of Pax Christi is based upon the value of the building at Godebaldkwartier in Utrecht, which is managed by STIKAV. The revenue from rent, or from any future mortgage or sale, will be available to PAX via STIKAV. Also, any positive financial results of IKV and Pax Christi are transferred to PAX to fund their activities. Since the four legal entities have been managed as one group, there was one consolidated annual report for the group until 2018. However, in 2019 it became apparent that there are insufficient grounds for classifying PAX as group head, as PAX has no policy-determining influence in Pax Christi, IKV or STIKAV. This negates the basis for consolidation.

This has triggered a review of the legal structure of the group, the legal and other relations between the different legal entities and the governance structure.

Not being able to consolidate anymore also means that there is a statutory issue regarding the overlap of Executive Board members of the different legal entities. Legal advice will be sought to see whether a short-term solution is necessary prior to a potentially new group structure.

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.

In 2019 the Executive Board consisted of the following people:

FIGURE 06 COMPOSITION OF EXECUTIVE BOARD

NAME	POSITION/ANCILLARY POSITIONS
Jan Gruiters (until 30 September 2019)	<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"> Organisation director and member of PAX's Executive Board Member of STIKAV's Executive Board Interim director of Pax Christi and member of Pax Christi's Executive Board (since 7 October 2019) Interim director of IKV and member of IKV's Executive Board (since 22 October 2019)
Miriam Struyk	<ul style="list-style-type: none"> Director of programmes and member of PAX's Executive Board Member of STIKAV's Executive Board

Stepping down of Jan Gruiters as general director

On 30 September 2019, Jan Gruiters stepped down on his own request as general director of PAX and as director / board member of Pax Christi, IKV and STIKAV. The remaining board members Miriam Struyk and Radboud van Delft took over his responsibilities until 6 January 2020, when the new general director Anna Timmerman took office. Jan Gruiters will remain available as advisor to the Executive Board till the end of 2020.

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 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 418 points (chairman of the Board) with a maximum annual income of €118.777 (1 FTE/12 months) and a BSD-score of 384 points (members of the Board) with a maximum annual income of €106.534 (1 FTE/12 months).

The actual annual income of management relevant to the assessment amounted to €78.166 for Jan Gruiters (0.95 FTE/9 months), €90.217 for Miriam Struyk (0.95 FTE/12 months); and €81.588 for Radboud van Delft (0.84 FTE/12 months). The remuneration remained within the applicable ceilings. No other fees were paid.

Since 1 October, former general director Jan Gruiters holds the position of strategic advisor. His income in that period was €29.341 (0.95 FTE/3 months)

Remuneration of PAX senior executives meet both WNT legislation² and the guidelines set by Goede Doelen Nederland. For further details, see Appendix 1 and 2 of the financial report.

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 and statutory objective in accordance with principles of good governance. 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

² 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).

from two advisory committees. The audit committee discusses the financial interim audit report and annual account in detail with the organisation director, controller and the external accountant, after which the committee advises the Supervisory Board on this. The audit committee also discusses quarterly financial reports with management. 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.

ORGANISATION AND PERSONNEL

In January 2019, PAX implemented a new organisational structure. Instead of a combination of self-organising programme groups, a few departments with a manager and some individual staff members who were not part of a team, PAX now has six programme teams to achieve the programme objectives and eight specialist teams for organisation-wide and cross-programme tasks in specific fields of expertise. Almost all teams are managed by two equal leaders (dual leadership model), one being responsible for content (strategy, policies and coherence) and the other person for the organisational side, including budgeting and personnel management. In the three smaller teams, these roles are delegated to one person. All new leadership positions are filled part time, in combination with another role, e.g. as project lead or policy advisor, in order to ensure involvement in daily reality and operations. All of them participated in a leadership training activity to support them in their new roles and responsibilities.

Also, a new job classification system was implemented, as well as a new cycle for staff reviews and a new sick-leave policy. The new organisational model will be evaluated in 2020. The organisational change process was implemented without forced layoffs.

FIGURE 07 ORGANISATION MODEL



Support in Ukraine

In Ukraine, PAX supports citizens and organisations to build their capacities for peaceful conflict resolution. This is no easy task in a war-torn country, where the notion that every conflict is a zero-sum game and best to be avoided is deeply engrained. Engaging in dialogue to find win-win solutions requires a shift in culture and mind sets.

Our partner Dignity Space has started teaching a next group of 16 individuals to become 'Peace Engineers'. The fulltime, one-year training programme includes non-violent communication, mediation and negotiation skills. Among the trainees are NGO workers, psychologists, a priest, a businessman, and people with a police background. Previously trained Peace Engineers will mentor them while they put their new skills to practice in their home regions. There they act as mediators in all sorts of conflicts: battles over educational reforms, disputes between locals and internally displaced people, or grudges over the lack of basic government services.

The training programme promotes resilience and a growing consciousness that the actions and attitudes of ordinary citizens do have an impact on the country's future.

The project also provides short-term training to NGOs and government agencies, including the police, and advocates for peaceful dialogue with all groups of citizens to be initiated by the new government in Kyiv. Given the longstanding distrust between citizens and the authorities, it is key that people feel heard and their fears and concerns are taken seriously. This is a necessary first step towards a lasting solution to the conflict in Ukraine.



In the multiyear budget for 2016-2020, it was decided earlier to distribute the financial means of the Strategic Partnership with the Ministry of Foreign Affairs according to a bell curve, with budgets increases between 2016 and 2018 and budgets decreases between 2018 and 2020. Therefore, in 2019 we had to reduce staff numbers, and this will also be the case for some teams in 2020. The actual staff numbers were reduced from 126,9 FTE at the end of 2018 to 120,7 FTE at the end of 2019. For 2020, the budgeted number of FTEs is 123,7. A social arrangement was agreed in 2018 with the Works Council. So far, no forced layoffs have been necessary, nor are any expected for 2020. Sick leave in 2019 was 8% (2018: 5.4%). The high percentage is mainly related to a large number of long-term illnesses, as the average frequency of sickness decreased from 1.4 to 1.3. We aim to reduce the illness percentage in 2020 by implementing and introducing a new sick-leave policy and increasing managers' attention to the matter.

INTEGRITY

We continue to look critically at ourselves and our own policies to ensure that a high standard of integrity is maintained. We realise that improper conduct can happen anywhere at any time, but the risk increases when there are unequal power relations. And norms governing proper conduct erode even more quickly in situations of war and violent conflict. In 2018, PAX updated its integrity policy and code of conduct. Our integrity policy is supported by an independent external confidential advisor and an internal integrity officer, and contains a whistleblower policy. In the first place, this policy aims to prevent incidents from occurring at all, but when they do occur this policy allows such incidents to be reported as easily and safely as possible. We will always thoroughly investigate reports and complaints, communicate them in a transparent way and sanction those involved in an appropriate way. Our integrity policy is published on our intranet and on our website: <https://www.paxforpeace.nl/about-us/integrity-policy>. All staff members have signed the code of conduct, including consultants and freelancers. This is also asked of partner organisations.

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.

In 2019, there were three reports of integrity violations:

1. In June 2019, it was reported that a project manager / director of a partner organisation, who was being paid to work 65% of his time on a project funded by PAX, also held a full-time position in another organisation. This information was not shared with PAX. This entailed a breach of confidence. After investigating the issue and unsuccessfully trying to reach an agreement, PAX decided to terminate the contract with this partner.
2. In July 2019, PAX received an anonymous complaint against a PAX employee and an employee of a partner organisation regarding possible inappropriate behaviour. An independent investigation was started, which was still ongoing at the end of 2019.
3. In December 2019, a report was made of a breach of our code of conduct by a hired consultant. After investigation, the contract with the consultant was terminated immediately. Also, an official complaint was submitted to the consultant's employer.

All involved parties in these cases are kept updated and informed on the steps taken, the outcome, and

measures or sanctions taken. Also, all of these cases were reported to the Ministry of Foreign Affairs.

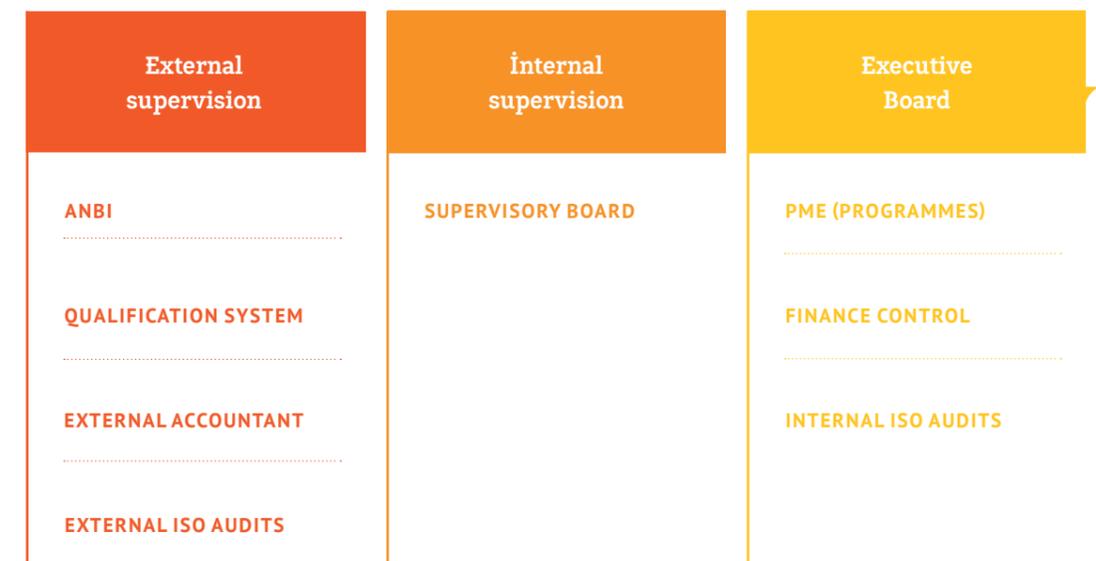
For information on our **complaints procedure**: see chapter 1.6.

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.

FIGURE 08 RELATION BETWEEN INTERNAL AND EXTERNAL SUPERVISION



ISO Certificate 9001:2008

PAX has an ISO certificate 9001:2015 according to the Partos standard. External audits in the framework of ISO certification are conducted on an annual basis by an independent and accredited agency. The external audit conducted in 2019 showed no shortcomings that needed to be resolved.

External accountant

The accountant audit notes that the financial statements have been prepared 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 (CBF) periodically reviews whether PAX is meeting all of its quality requirements. In 2019, a reassessment was carried out by the CBF confirming PAX's compliance with the requirements of the qualification system <https://www.cbf.nl/de-erkenning>
- ◆ Guidelines for the Reserves of Charitable Organisations.
- ◆ 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 a 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

Public Benefit Organisation (ANBI)

PAX holds an ANBI status (ANBI means Public Benefit Organisation, PBO) with the Dutch Tax Authorities. 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

Project 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 89 Peace Embassies in 2019. 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 2019 can be found <https://stories.paxforpeace.nl/pax-in-2019>.

Donors and members

Employees and management maintain regular personal contact with major donors such as the Ministry of Foreign Affairs and the Dutch Postcode Lottery, strategic partners and institutional funds. PAX also has 17.500 private donors and is supported by contributions from 2.700 members of the Pax Christi association.

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>

FIGURE 09 COMPLAINTS 2017-2019

	NUMBER OF COMPLAINTS	(OF WHICH ON POLITICAL OPINIONS)
2017	12	2
2018	13	1
2019	12	0

In 2019, PAX received a total of 12 complaints. Three complaints concerned donation requests. Five complaints were about an administrative issue. A telemarketing campaign by PAX in 2019 resulted in two complaints. One complaint was about missing Dutch information on the Pax website. All these complaints were handled by the private fundraising team according to procedure. One complaint was about lack of contact concerning the Peace Week. This complaint has been dealt with by the Peace Week coordinator.

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 Integrity in 1.5).

1.7 Expected state of affairs

At the international level, we are confronted with a dynamic, fluid context in which the standardising 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. 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.

2020 will be the last year of our Strategic Framework for 2016-2020, as well as our Strategic Partnership with the Dutch Ministry of Foreign Affairs for Dialogue and Dissent, together with our Freedom from Fear alliance partner Amnesty International (the Netherlands section). So our main focus will be to finalise our programmes funded by this Strategic Partnership. Another key focus will be to prepare for the implementation of the new Strategic Framework 2021-2025, which was developed and approved in 2019, and the application for a new Strategic Partnership grant. At the same time, we will also work on generating more visibility for our work in the Netherlands and developing new strategies for private and institutional fundraising to diversify our income sources.

The 2020 budget outlined below has been approved by the Supervisory Board.

IN € X 1.000	BUDGET 2020		ACTUAL 2019		BUDGET 2019	
		%		%	€	%
Income	19.028	100	18.470	100	20.088	100
Expenses						
On the objective	16.826	88	15.391	83	17.482	87
Fundraising	951	5	812	4	962	5
M&A	1.284	7	1.438	8	1.456	7
Financial loss			22			
Sum of income and expenses	-33		807		188	

1.8 Corporate social responsibility

Through its programmes, PAX wants to have a positive impact on people, their communities and the planet. We are aware that our activities also entail the risk of negative impacts on the planet and its people. Therefore, we want to integrate our values and our respect for national and international laws, norms and standards in our way of working, and to minimise our negative impacts. As part of our work, we hold businesses and governments to account for their impact on society, and require them to be transparent about it. As we want to 'practice what we preach', we are holding ourselves to the same standards that we apply to others.

We consciously choose our suppliers and hired services. As one of the forces behind the Fair Finance Guide <https://eerlijkegeldwijzer.nl/> we make use of banks with a high score in the Fair Bank Guide. Exceptions are allowed when this is not possible, for instance for cross-border payments. Our procurement policy 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. Our catering is fully vegetarian.

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, which 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.

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 2018, PAX used 3.3 million travel kilometres generating 619 tons of CO₂ emissions (2017: 3.4 million kilometres / 689 tons of CO₂ emissions; data for 2019 are not yet available). 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 evaluated our existing CSR policies and began to develop new CSR policies to reduce negative impacts on the planet and its people, in accordance with our values, including how to report on this in a transparent way. We expect these policies to be finalised in 2020, after which they will enter into force.

No Nukes

2019 marked two years since the UN adopted the historic treaty banning all nuclear weapons. 80 countries have now signed the treaty and 34 have ratified it. After the counter hits 50, the treaty will go into effect.

Cities around the world - from Berlin to Toronto, Washington D.C. and Nagasaki - are urging their governments to sign the treaty through the ICAN Cities Appeal. Campaigning by PAX has made Nijmegen the first city in the Netherlands to support the appeal. A poll showed that most Dutch citizens want their government to join the treaty.

28 global companies are still actively involved in the production of nuclear weapons. They are profiled by our project Don't Bank on the Bomb in the Producing mass destruction report. Yet the stigma surrounding nuclear weapons keeps growing. Worldwide, more financial institutions than ever are refusing to invest in the nuclear weapons industry. Four Dutch institutions recently adopted policies that restrict or forbid such investments.

PAX keeps lobbying the Dutch multinational bank ING as well as financial institutions around the world to follow suit. PAX is a member of the steering group of Nobel Peace Prize laureate the International Campaign to Abolish Nuclear Weapons.



2. Report from the Supervisory Board

2.1 Meetings of the 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 governance agenda.

The Supervisory Board held five meetings with the Executive Board in 2019. One additional meeting was held with a representative of the Board and the management of Amnesty International's Netherlands section to discuss the strategic alliance between the two parties. A delegation of the Supervisory Board had its annual meeting with the Works Council.

Furthermore, the Supervisory Board met without the Executive Board or other staff members to evaluate its own functioning. In this meeting, the Supervisory Board decided to include focus points in the governance agenda for 2020:

- ◆ Functioning of the Executive Board in its new composition;
- ◆ The relations between the Supervisory Board and Executive Board;
- ◆ Progress in organisational development;
- ◆ Diversity policy and identity;
- ◆ The relations and governance of the different entities: IKV Board, Pax Christi members council, STIKAV, PAX and the Supervisory Board;
- ◆ Composition of the Supervisory Board; and
- ◆ Information to the Supervisory Board: the wish to have an annual meeting with staff, in addition to the annual meeting with the Works Council.

The audit committee held five meetings in 2019.

2.2 Main points of attention in 2019

STRATEGIC FRAMEWORK 2021-2025

In 2019, PAX developed a new Strategic Framework with the title *Empowering People, Building Peace*. It outlines the organisations' objectives for the years 2021 to 2025. A draft was discussed in a meeting with members of the Executive Board, the Supervisory Board, the IKV Board, and the Pax Christi

Council of Members. The final version was approved by the Supervisory Board on 17 June 2019.

Based on our mission and added value, and in response to an analysis of what is happening in the world, we have set a series of ambitions for PAX over the coming period. The main theme in our peace work in the coming years will be strengthening the voice and influence of peace forces. If we want to contribute to this, PAX will need to play a recognizable leading role that receives support from more involved people. PAX aims to achieve the following ambitions in the years 2021-2025:

1. PAX has a pioneering role in strengthening peace forces within the themes and networks in which we operate.
2. PAX plays a leading role in the field of gender, peace and security because gender equality is a fundamental condition for lasting peace.
3. PAX is recognisable to more people among the Dutch public.
4. PAX deepens its partnership with and the authority of its core and other partners and promotes the power of this collaboration more effectively in its advocacy and publicity.
5. PAX has a committed support base that is growing in size to enhance the power of our peace work.

The Supervisory Board will reflect periodically on the progress in achieving these ambitions and the fulfilment of strategic goals and of the conditions necessary for this.

ORGANISATIONAL CHANGE PROCESS

On 1 January 2019, a new organisational setup came into effect that was decided upon in 2018 (see 1.5). The Supervisory Board was consulted by the Executive Board on the implementation of the organisational change process. An external evaluation will be held in 2020.

The Supervisory Board was also consulted by the Executive Board on the implementation of the downsizing plan, which was a consequence of the multiannual financial planning for 2016-2020. Due to additional funding that was raised for 2020 and some delayed expenditures, the downsizing of staff numbers ended up being much smaller than originally planned, which meant that no forced layoffs were needed.

SAFETY, SECURITY AND INTEGRITY

The safety and security of PAX's personnel is of great importance for the entire organisation. It is important that the Supervisory Board is informed of the policy. 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 2019.

The Supervisory Board was also informed of the integrity policy, the code of conduct and integrity issues that occurred in 2019 (see chapter 1.5).

RECRUITMENT OF GENERAL DIRECTOR

In March 2019, general director Jan Gruiters announced he was stepping down on 30 September 2019, after 19 years in this position, first at Pax Christi, and since 2006 at IKV Pax Christi, which later became PAX.

The Supervisory Board decided on a profile for a new general director, after consulting the two remaining members of the Executive Board, an advisory committee of staff members, the Works

Council and representatives of the IKV Board and the Pax Christi Council of Members. A recruitment agency was selected to search for potential candidates and provide support during the recruitment process. A selection committee was appointed consisting of three members of the Supervisory Board and the two remaining members of the Executive Board. The selection committee selected a candidate who met the main requirements of the profile. This candidate was presented to the advisory committee as well as to a committee representing the IKV Board and the Pax Christi Council of Members. Both committees, as well as the Works Council, submitted a positive recommendation to the Supervisor Board, who then unanimously appointed Anna Timmerman as the new general director. As of January 2020, the Executive Board of PAX will therefore consist of Anna Timmerman (general director), Miriam Struyk (director of programmes) and Radboud van Delft (organisation director). Former general director Jan Gruiters will remain in a position as advisor to the Executive Board until the end of 2020. He will play an important role in writing the grant application to the Dutch Ministry of Foreign Affairs for the period 2021-2025.

The Supervisory Board is extremely grateful to Jan Gruiters for his long tenure as general director and the way he has led PAX and its predecessors to become a highly professional and competent peace organisation with a strong reputation in the Netherlands and internationally. And the Supervisory Board wishes his successor Anna Timmerman every success, wisdom and strength in her new position.

FINANCES

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

The reserves position of PAX was discussed in relation to an updated risk assessment as well as the guarantees that have been provided by IKV and Pax Christi. Based on the risk assessment, a small deficit of the 2020 budget was approved to enable the organisation to prepare for a new five-year grant from the Dutch Ministry of Foreign Affairs and to improve its external profile and communications, while maintaining core programmes in the final year of the current five-year cycle.

2.3 Composition of the Supervisory Board

In December 2019, the second terms of two board members, Marieke de Wal and Marina van Notten, came to an end. The Supervisory Board is very grateful for their many years of dedication and deep commitment to our peace work.

It also means that the Supervisory Board needs two new members. To prepare for this, profiles for potential new members have been drawn up to reinforce the Supervisory Board with a member with a fundraising and social business background and a member with a background in conflict, human rights and international cooperation.

In 2019 the Supervisory Board consisted of the following members:

FIGURE 10 SUPERVISORY BOARD

NAME	POSITION IN SUPERVISORY BOARD	POSITION/ANCILLARY POSITIONS
M.I. (Marieke) de Wal	<ul style="list-style-type: none"> • Chair of the Supervisory Board of PAX until December 2019 • Member of the audit committee until December 2019 • Member of the remuneration committee until December 2019 	<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 of PAX 	<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 of PAX and Pax Christi • Member of the audit committee 	<ul style="list-style-type: none"> • Professor in Management Accounting at VU Amsterdam • Chair of the Department of Accounting of VU Amsterdam • Director of ARCA (Amsterdam Research Center in Accounting) • Director of Limperg Institute • Vice-chair of the Supervisory Board of the Alrijne Zorggroep (until May 2019) • Chair 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)
J. E. (Janne) Nijman	<ul style="list-style-type: none"> • Member of the Supervisory Board of PAX 	<ul style="list-style-type: none"> • Member of the board and academic director of T.M.C. Asser Institute • Professor of History & Theory of International Law at the University of Amsterdam • Member of the board of Vera

		Gottschalk-Frank Stichting
		• Member of the editorial board of Netherlands Yearbook of International Law
		• International Gender Champion, network for gender equality, The Hague hub
<hr/>		
A. M. (Marina) van Notten	• Member of the Supervisory Board of PAX until December 2019	• Partner at Profonte, consultants in philanthropy
<hr/>		
P. (Peter) van der Veer	• Member of the Supervisory Board of PAX and Pax Christi • Member of the audit committee	• Director of operations of the Municipality of Veenendaal • Secretary of Stichting Linawijs

2.5 No conflicting interests

There were no transactions in 2019 involving conflicts of interest on the part of members of the Supervisory Board or Executive Board. Each year, every member of the Supervisory Board and Executive Board submit a declaration of (ancillary) positions they hold on potential conflicts of interest for them and their direct family members.

FIGURE 11 ROTATION SCHEDULE

NAME	DATE APPOINTED	APPOINTED BY	END OF FIRST TERM	END OF SECOND TERM
Marieke de Wal	02-07-2010	IKV	02-07-2014	31-12-2019
Wieger Bakker	01-03-2012	IKV	01-03-2016	01-03-2021*
Tom Groot	01-12-2018	Pax Christi	01-12-2022	
Janne Nijman	01-01-2019	IKV	01-01-2023	
Marina van Notten	01-03-2012	IKV	01-03-2016	31-12-2019
Peter van der Veer	01-03-2012	Pax Christi	01-03-2016	01-03-2021*

* In order to ensure continuity within the Supervisory Board, the IKV Board of Directors and the Pax Christi Council of Members have extended the second term of appointment from four to five years. The articles of association of PAX offer the possibility to do so.

2.4 Remuneration and remuneration committee

The members of the 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. In 2019, reviews were held with the director of programmes and the organisation director. An exit interview was held with the outgoing general director.

Lobby and advocacy

We use international lobby and advocacy as a tool to combat the causes of violent conflict and injustice and to trigger structural social, political and policy changes.

We target governments, businesses and financial institutions as well as international and multilateral organisations such as the European Union and United Nations. We increase our impact by working in international coalitions with like-minded organisations, activists, researchers and survivors.



3. Financial Statements 2019

3.1 Balance sheet (after appropriation of result)

		31 December 2019	31 December 2018
		€	€
ASSETS			
Intangible fixed assets	1	93.254	59.007
Tangible fixed assets	2	501.329	742.364
Total fixed assets		594.583	801.371
Receivables from related entities	3	183.294	102.373
Receivables and prepayments			
Receivables from donors	4	3.170.312	4.034.063
Other receivables and prepayments	5	479.078	190.698
		3.649.389	4.224.761
Cash and Cash Equivalents	6	9.399.732	4.672.832
Total assets		13.826.998	9.801.337
		31 December 2019	31 December 2018
		€	€
LIABILITIES			
Reserves and funds			
Continuity reserve	7	2.314.597	1.507.945
Long term liabilities	8	1.240.973	2.091.939
Current Liabilities			
Grants received in advance	9	4.894.393	1.630.793
Partner commitments	10	3.572.668	3.273.138
Accounts payable		271.862	417.239
Other liabilities	11	1.532.505	880.283
		10.271.428	6.201.453
Total liabilities		13.826.998	9.801.337

3.2 Statement of income and expenses

		Actual 2019 €	Budget 2019 €	Actual 2018 €
INCOME				
Income from Individuals	12	612.747	460.000	537.977
Income from Companies	13	22.416	-	149.892
Income from Lottery organisations	14	1.412.543	1.360.510	1.479.737
Grants from Governments	15	13.729.120	15.469.528	15.236.689
Funding from other non-profit organisations	16	2.692.710	2.797.952	1.934.740
Sum of income		18.469.536	20.087.990	19.339.035
EXPENSES				
Expenses on the objective	17			
Community-Based Security and Citizens Rights		6.127.645	8.222.472	10.578.170
Dealing with the Past		1.302.870	2.032.962	2.149.689
Humanitarian Disarmament		1.442.159	1.471.586	1.965.799
Natural Resources, Conflict & Human Rights		1.137.783	829.902	1.619.744
Protection of Civilians		1.817.705	942.364	1.233.693
Peace activism and Advocacy		3.562.698	3.982.382	-
Network for peace building		-	-	96.000
		15.390.862	17.481.668	17.643.094
Fundraising	18	812.041	961.766	475.677
Management and administration	19	1.438.009	1.456.416	1.297.369
Sum of expenses		17.640.912	19.899.850	19.416.140
Sum of income and expenses before financial gain/loss		828.624	188.140	-77.105
Financial gain/(loss)	20	-21.972	-	-50.424
Sum of income and expenses		806.652	188.140	-127.529
Appropriation of result	21			
Addition to/(withdrawal from) continuity reserve		806.652	188.140	-127.529

3.3 Cash flow statement

		2019 €	2018 €
Sum of income and expenses		806.652	-127.529
Adjusted for:			
Depreciation & amortisation	1,2	281.928	298.883
Net finance costs	20	21.972	50.424
Changes in Receivables from related entities	3	-80.921	102.011
Changes in Receivables from donors	4	863.751	-2.720.012
Changes in Other receivables and prepayments	5	-288.380	961.818
Changes in continuity reserve	7	-	-143.400
Changes in Long term liabilities	8	-850.966	2.052.095
Changes in Current liabilities	9,10,11	4.069.975	-1.883.483
Cash flow from operations		4.824.012	-1.409.193
Interest received	20	630	1.360
Interest paid	20	-999	-223
Other finance costs paid		-16.532	-43.068
Cash flow from operating activities		4.807.111	-1.451.124
Investment/divestment in intangible fixed assets	1	-59.471	-42.125
Investment/divestment in tangible fixed assets	2	-15.669	-40.497
Cash flow from investing activities		-75.140	-82.622
Net Cash flow		4.731.971	-1.533.746
Exchange rate and translation differences on cash and cash equivalents		-5.071	-8.493
Changes in Cash and Cash Equivalents	6	4.726.900	-1.542.239

3.4 Notes to the 2019 Financial Statements

GENERAL

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

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

Financial reporting period

The financial statements cover the year 2019, which ended at the balance sheet date of 31 December 2019.

Reporting Directive for Fundraising Institutions

The 2019 Financial Statements have been prepared in accordance with Guideline RJ650 for Fundraising Organisations, which is the applicable reporting framework for Dutch fundraising organisations. In addition, the financial statements have as well been prepared in accordance with the WNT.

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. Such transactions will not result in the recognition of results. When assessing whether there is a significant change in the economic circumstances, the economic benefits and risks that are likely to occur in practice are taken into account. The benefits and risks that are not reasonably expected to occur, are not taken into account in this assessment.

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

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

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

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

PRINCIPLES FOR THE TRANSLATION OF FOREIGN CURRENCIES

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

In 2019, the currency translation differences recognized in the profit and loss account amounted to EUR 12.117 (2018: EUR 28.549).

USE OF ESTIMATES

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

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

CORRECTION OF ERRORS

After adoption of the 2018 financial statements, a material error in the recognition of expenses for partner organisations was identified. In the 2018 financial statements these were recognized based on the eligible project expenditure made by the partner as per the balance sheet date, whilst these given their unconditional nature should be recognized directly at the commencement of the contract. The impact on equity is EUR 101.915 as per 31 December 2018 and EUR 143.400 as per 1 January 2018. The impact on the result for the year 2018 is EUR 41.485. In the reporting year 2019 the partner expenses have been recognized based on the contract amount. Further, the comparative figures for the year 2018 have been restated.

A overview of the impact on the financial position in the balance sheet and the statement of income and expenses can be specified as follows:

	previously reported €	impact correction €	after correction €
Balance sheet December 31, 2018			
Receivables from related entities	174.234	-71.861	102.373
Receivables and prepayments	3.039.810	1.184.951	4.224.761
Total assets	3.214.044	1.113.090	4.327.134
Long term liabilities	64.259	2.027.680	2.091.939
Current liabilities	7.014.128	-812.675	6.201.453
Total liabilities	7.078.387	1.215.005	8.293.392
Reserves and funds at December 31, 2018	1.609.860	-101.915	1.507.945
Statement of income and expenses 2018			
Income	19.735.816	-396.781	19.339.035
Expenses	-19.863.606	447.466	-19.416.140
Financial gain/loss	-41.224	-9.200	-50.424
Sum of income and expenses	-169.014	41.485	-127.529
Appropriation of result 2018			
Addition to / (withdrawal from) the continuity reserve	-169.014	41.485	-127.529

The part of the effect of the correction of the error that relates to reporting periods prior to the previous reporting period (EURO 143.400) is presented as a direct movement in equity at the beginning of the prior reporting period.

The correction does not affect the result and equity, insofar as the partner expenditure is financed by a donor contract. Since the grants PAX receives for donor projects are recognized as a benefit when PAX enters into a commitment in accordance with the terms of this grant, the donor's related income is also adjusted in accordance with the adjusted expenditure.

As a result of the aforementioned correction(s) of error, the cash flow statement has been adjusted as well. This restatement relates to the net result for the year 2018.

FINANCIAL INSTRUMENTS

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

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

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

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

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

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

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

IMPAIRMENT OF (FIXED) ASSETS

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

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

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

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

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

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

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

The currency risk for PAX largely consists of positions and future transactions in US dollars or currencies closely related to 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 (such as for instance investments in listed and non-listed equities). Surplus cash is conservatively secured in deposits with low interest risk. PAX has no significant credit risks. Receivables mainly relate to grants from solid governments or multilateral institutions. Given this low risk cash positioning PAX has secured a sound liquidity balance.

OFFSETTING FINANCIAL INSTRUMENTS

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

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

TANGIBLE FIXED ASSETS

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

The annual depreciation is recognised based on the following structure:

- ◆ Installations: straight-line method in 10 years
- ◆ Other fixed operating assets:
- ◆ IT equipment - first year 40%, second year 30%, third year 20% and fourth year 10%
- ◆ Furniture and other equipment - straight-line method in 5 years
- ◆ Renovation (general): straight-line method in 10 years
- ◆ Renovation St. Jacobstraat (due to rental period): straight-line method in 5 years

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

Maintenance expenditures are only capitalised when the maintenance leads to extension of the useful life of the asset and/or future performance units regarding the asset. A provision is recognised for expected costs of periodic major maintenance to buildings and equipment.

RECEIVABLES

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

RECEIVABLES FROM DONORS

Donor receivables relate to the positive difference between the income recognized related to the granted donor funds and the actual cash disbursements received (by PAX) from the donors as at balance sheet date. The accounting policies applied for the recognition of this income from granted donor funds are described under the headings 'income from Lottery Organisations', 'Grants from governments', and 'funding from other non-profit organisations'. All receivables have an estimated maturity shorter than one year. The carrying values of the recognized receivables approximate their respective fair values, given the short maturities of the positions and the fact that allowances for doubtful debts have been recognized, if necessary.

CASH AND CASH EQUIVALENTS

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

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

CONTINUITY RESERVE

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

PROVISIONS

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

LIABILITIES

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

GRANTS RECEIVED IN ADVANCE

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

PARTNER COMMITMENTS

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

DISTINCTION BETWEEN OPERATING AND FINANCE LEASES

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

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

INCOME FROM INDIVIDUALS

Income from individuals consists of private fundraising, income from endowment funds and legacies. Donations are 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 organisations 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. Amounts received in advance are presented under paragraph grants received in advance.

GRANTS FROM GOVERNMENTS

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

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. Amounts received in advance are presented under paragraph grants received in advance.

FINANCIAL GAIN/(LOSS)

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

COST ALLOCATION

Method of allocation of cost

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

Personnel cost

Salaries and 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 expenses in the period in which the employee services are rendered and, to the extent not already paid, as a liability on the balance

sheet. If the amount already paid exceeds the benefits owed, the excess is recognised as a current asset to the extent that there will be a reimbursement by the employees or a reduction in future payments by the foundation.

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

TERMINATION BENEFITS

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

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 board may decide to reduce the entitlements if the pension provider's position so dictates. The coverage of the sector pension as at December 31, 2019 is stated at 99.2%.

CASH FLOW STATEMENT

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

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

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

RELATED PARTIES

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

Transactions with related parties (refer to note 3 and note 8 for the identified related parties) are disclosed if they have not been entered into at arm's length. Disclosed are the nature and amounts involved with such transactions, and other information that is deemed necessary for an insight into the transactions.

For the remuneration of the board of directors and supervisory board members, please refer to section 1.5 of the management report.

SUBSEQUENT EVENTS

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

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

Date of preparation of financial statements: April 20, 2020

Goodbye to Jan Gruiters

People's desire for peace is contagious and unstoppable. No matter how cruel a conflict, there are always individuals brave enough to bridge the gap of enmity. Because they believe in justice, human dignity and a peaceful world.

The desire for peace also inspired Jan Gruiters during the 19 years that he led Pax Christi and PAX. He learned to look with the eyes of people who are excluded, marginalised and forgotten, and saw the power of change of ordinary people. This is why PAX supports local activists in conflicts worldwide, so that their voices are heard and their influence for peace increases.

Jan Gruiters said goodbye to PAX in October. Our peace caravan continues its journey, and will be led by Anna Timmerman from 2020.



3.5 Explanation of the balance sheet

	31 December 2019	31 December 2018	
	€	€	
1. Intangible fixed assets			
Balance as at 31/12 *			
Software	89.438	48.074	
Licences	3.816	10.933	
	93.254	59.007	
Movement in intangible fixed assets:			
	Software	Licences	Total
Balance as at January 1			
Purchase price	390.593	120.607	511.200
Accumulated amortisation	-342.519	-109.674	-452.193
Carrying amount	48.074	10.933	59.007
Changes in carrying amount			
Investments	59.471	-	59.471
Amortisation	-18.107	-7.117	-25.224
Balance	41.364	-7.117	34.247
Balance as at December 31			
Purchase price	450.064	120.607	570.671
Accumulated amortisation	-360.626	-116.791	-477.417
Carrying amount	89.438	3.816	93.254

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

EXPLANATION OF THE BALANCE SHEET (CONT.)

	31 December 2019	31 December 2018	
	€	€	
2. Tangible fixed assets			
Balance as at 31/12			
Renovation	38.567	91.756	
Other fixed operating assets	462.762	650.608	
	501.329	742.364	
Movement in tangible fixed assets			
	Renovation	Other fixed operating assets	Total
Balance as at January 1			
Purchase price	1.271.395	1.037.641	2.309.036
Accumulated depreciation	-620.787	-945.885	-1.566.672
Carrying amount	650.608	91.756	742.364
Changes in book value			
Investments *	9.282	6.387	15.669
Depreciation	-197.128	-59.576	-256.704
Balance	-187.846	-53.189	-241.035
Balance as at December 31			
Purchase price	1.280.677	1.044.028	2.324.705
Accumulated depreciation	-817.915	-1.005.461	-1.823.376
Carrying amount	462.762	38.567	501.329

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

EXPLANATION OF THE BALANCE SHEET (CONT.)

	31 December 2019	31 December 2018
	€	€
3. Receivables from related entities		
Stichting Katholieke Vredesbeweging	116.183	35.064
Stichting IKV	58.240	59.750
Vereniging Pax Christi	8.871	7.559
	183.294	102.373
4. Receivables from donors		
Ministry of Foreign Affairs regarding SP Dialogue and Dissent	-	1.729.558
Bureau of Democracy, Human Rights and Labor	1.148.542	814.247
German Ministry of Foreign Affairs	1.083.821	36.539
Other receivables from donors	937.949	1.453.718
	3.170.312	4.034.063
5. Other receivables and prepayments		
Prepaid salaries and pension contributions	27.571	12.898
Other receivables and prepayments	451.507	177.800
	479.078	190.698
6. Cash and Cash equivalents		
Deposits	8.786.824	4.099.974
Credit balances on Dutch bank accounts	565.550	462.151
Credit balances on foreign bank accounts	16.861	20.395
Cash balances	30.497	90.312
	9.399.732	4.672.832

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.

EXPLANATION OF THE BALANCE SHEET (CONT.)

	31 December 2019	31 December 2018
	€	€
7. Reserves	2.314.597	1.507.945
Continuity reserve		
Balance January 1	1.507.945	1.778.874
Withdrawal from continuity reserve as a result of correction of error, see the notes to the 2019 Financial Statements	-	-143.400
	1.507.945	1.635.474
Addition to/(withdrawal from) continuity reserve	806.652	-127.529
Balance December 31	2.314.597	1.507.945

PAX determines the desired size of its continuity reserve annually based on risks perceived, and the analysis is approved by its Supervisory Board. A recent analysis concluded in a required level of the continuity reserve of €2.8 million. The required level fits the actual size of the continuity reserve as per the balance date, taking into account the guarantee issued by Vereniging Pax Christi of € 1.160.000.

EXPLANATION OF THE BALANCE SHEET (CONT.)

	31 December 2019	31 December 2018
	€	€
8. Long term liabilities		
Partner commitments	1.121.567	1.053.350
Commitment to Amnesty International alliance partner	54.730	974.330
Rental discount on office St. Jacobsstraat	64.676	64.259
	1.240.973	2.091.939

EXPLANATION OF THE BALANCE SHEET (CONT.)

	31 December 2019	31 December 2018
	€	€
9. Grants received in advance		
Ministry of Foreign Affairs regarding SP Dialogue and Dissent	794.721	-
Ministry of Foreign Affairs other subsidy commitments	2.031.549	595.216
Payment obligation allotted grants	2.068.124	1.035.577
	4.894.393	1.630.793
10. Partner commitments		
Partner commitments	2.314.495	1.884.172
Commitment to Amnesty International alliance partner	919.600	1.158.800
Commitments to related entities (Foundation Pax Colombia)	243.471	148.955
Other expenses to be paid	95.102	81.211
	3.572.668	3.273.138
11. Other liabilities		
Payroll taxes and social security contribution	525.198	2.636
Value-added tax	978	25.018
Reservation for leave days and holiday allowance	622.895	626.088
Payable salaries and pension contributions	108.223	-
Other debts, accruals and deferred income	275.211	226.541
	1.532.505	880.283

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
Lease of equipment	€ 22.543	€ 88.798	€ -
Office rent	€ 475.957	€ 650.538	€ -
Service contracts	€ 172.447	€ 217.825	€ -

Subsequent events

No events have occurred between the balance date and the date on which the Supervisory Board adopted the annual accounts, which would affect the 2019 annual of the conditions of PAX at the end of the financial year or thereafter.

Since February 2020 the world has been confronted with the spread of the Covid-19 virus. Most field activities by PAX and its partners are on hold for the time being, but other activities can continue. Our liquidity and reserves position is sufficient to cover more than 12 months of expenditure. Based on our current knowledge and available information, we do not expect Covid-19 to have an impact on our ability to continue as a going concern in the future.

3.6 Explanation of the income and expenses account

	Actual 2019	Budget 2019	Actual 2018
	€	€	€
12. Income from Individuals			
Collections	-	-	68.395
Donations	479.783	460.000	401.892
Legacies	132.964	-	67.690
	612.747	460.000	537.977
The contributions of Pax Christi, IKV en STIKAV are no longer considered to be private fundraising, this is different from 2018.			
13. Income from Companies			
Donations and charity discounts	22.416	-	149.892
	22.416	-	149.892
The income from companies is mainly incidental by nature.			
14. Income from Lottery organisations			
National Postcode Lottery: regular contribution	500.000	500.000	500.000
National Postcode Lottery: project Lessons in Peace	22.014	235.510	582.544
National Postcode Lottery: Truth & Justice for victims Colombia	433.359	-	-
National Postcode Lottery: project Story of the Refugee	457.170	625.000	397.193
	1.412.543	1.360.510	1.479.737
15. Grants from Governments			
Ministry of Foreign Affairs, Strategic Partnership Dialogue and Dissent	9.536.721	10.473.932	12.456.507
Dutch Embassy Juba - Action Plan for Peace	531.014	610.275	916
Other Dutch Government	1.534.334	1.763.293	1.117.515
Foreign Governments	2.127.052	2.622.028	1.661.752
	13.729.120	15.469.528	15.236.689

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

16. Funding from other non-profit organisations

Income from related entities	1.275.050	192.570	61.142
Joseph Rowntree Charitable Trust	55.000	41.250	41.250
Other endowment funds	438.744	173.325	168.867
Other NGO organisations	923.916	2.508.030	1.663.481
	2.692.710	2.797.952	1.934.740

The item income from related entities includes an IKV donation of EUR 1,160,000. This is the same amount as for which IKV issued a guarantee to PAX until 2018.

EXPLANATION OF THE INCOME AND EXPENSES ACCOUNT (CONT.)

17. Expenses on the objective

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

	Direct costs 2019	Release commitm. 2019	Indirect costs 2019	Actual 2019	Budget 2019	Actual 2018
Programme costs(x €1,000)	€	€	€	€	€	€
Community-based security and citizens rights	5.420	-238	945	6.128	8.223	10.578
Dealing with the Past	1.068	-40	275	1.303	2.033	2.150
Humanitarian Disarmament	1.056	-	386	1.442	1.472	1.966
Natural resources and confli.	894	-18	262	1.138	830	1.619
Protection of Civilians	1.627	-56	247	1.818	942	1.234
Peace activism and Advocacy	2.649	-2	916	3.563	3.982	-
Networks for peace building	-	-	-	-	-	96
Details are shown in Table Itemisation of expenses.	12.714	-354	3.031	15.391	17.482	17.643

Percentages spent

Income on behalf of the objective (x €1,000)	18.470	20.088	19.339
Percentage spent on objective in relation to income	83,3%	87,0%	91,2%

18. Fundraising

Cost of fundraising, as percentage of total income	4,4%	4,8%	2,5%
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19. Management and administration

Management and adm. costs, as percentage of total income	7,8%	7,3%	6,7%
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	Actual 2019	Budget 2019	Actual 2018
	€	€	€
20. Financial gain/(loss)			
Interest income	630	3.500	1.360
Interest expenses	-999	-500	-223
Payment charges	-9.486	-35.000	-23.012
Exchange differences	-12.117	32.000	-28.549
	-21.972	-	-50.424

21. Appropriation of result

On April 20 2020, the Supervisory Board of PAX Foundation discussed the annual report and the financial statements 2019.

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 2020 are Peter van der Veer (President), Wieger Bakker, 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 2019 € x 1,000	Actual 2018 € x 1,000
Specification of personnel cost		
Gross salaries	6.175	6.104
Social security contributions	1.126	1.053
Pension	594	600
	7.894	7.757
Other personnel cost	921	1.173
Total personnel cost	8.815	8.930
Explanation of changes		
Change in personnel cost	137	
Change in other personnel cost	-252	
Total change in personnel cost	-115	

	Actual 2019	Actual 2018
Employees (in FTE)		
Average # of FTEs in the Netherlands	108,2	116,3
Number of FTEs at the end of the year in the Netherlands	108,7	113,7
Average # of FTEs foreign	13,7	12,1
Number of FTEs at the end of the year foreign	12,0	13,2
Average # of FTEs Total	121,8	128,4
Number of FTEs at the end of the year Total	120,7	126,9
Change in number of FTEs at the end of the year in the Netherlands	-5,0	-5,9
Change in number of FTEs at the end of the year foreign	-1,2	-1,1
Total change FTEs at the end of the year	-6,2	-7,0

Appendix 1

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 branch 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
Position	General Director	Director	Director
Nature of employment	indefinite	indefinite	indefinite
Hours	36	36	32
Parttime percentage (1 FTE = 38 hours)	95	95	84
Period	01.01-30.09	01.01-31.12	01.01-31.12
Remuneration (EUR)			
Gross salary	65.829	77.816	71.477
Holiday allowance	6.911	5.980	4.212
Year-end allowance	5.426	6.421	5.899
Total annual income	78.166	90.217	81.588
Pension costs	9.256	10.681	9.856
Total 2019	87.422	100.898	91.444
Total 2018	111.292	93.327	123.733

The remuneration of J. Gruiters and R.T.J. van Delft for 2018 deviates considerably from the remuneration for 2019 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 83.933 (J. Gruiters), EUR 101.207 (M. Struyk) and EUR 89.488 (R.T.J. van Delft), according to the "Regeling beloning directeuren van goededoelenorganisaties".

These maximum amounts are linked to the BSD-score per board member. The score is respectively 418 (J. Gruiters), 384 (M. Struyk) and again 384 points (R.T.J. van Delft).

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

Appendix 2

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 branch 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	Director on interim-basis
Duration of position in 2019	01.01-30.09	01.01-31.12	01.01-31.12	
Size of employment (in FTE)	1,0	1,0	0,9	
(Fictitious) contracted employment?	Yes	Yes	Yes	
Remuneration 2019				
Remuneration plus taxable expenses	€ 78.166	€ 90.217	€ 81.588	
Rewards affordable over time	€ 9.256	€ 10.681	€ 9.856	
Subtotal	€ 87.422	€ 100.898	€ 91.444	
Applicable maximum	€ 135.378	€ 181.000	€ 160.889	
-/- Unpaid amounts	n.a.	n.a.	n.a.	
Total remuneration	€ 87.422	€ 100.898	€ 91.444	
Exceeding applicable maximum	No	No	No	
Remuneration 2018				
Duration of position in 2018	01.01-31.12	01.01-31.12	01.09-31.12	01.01-31.08
Size of employment (in FTE)	1,0	1,0	0,9	0,9
Remuneration plus taxable expenses	€ 99.150	€ 83.511	€ 25.342	€ 93.203
Rewards affordable over time	€ 12.043	€ 9.616	€ 3.316	€ 0
Total remuneration 2018	€ 111.193	€ 93.127	€ 28.658	€ 93.203

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.

Appendix 3

TABLE ITEMISATION OF EXPENSES

EXPENSES	EXPENSES ON THE OBJECTIVE						FUNDRAISING	M & A COST	Total 2019	Budget 2019	Total 2018
	Community-Based Security and Citizens Rights	Dealing with the Past	Humanitarian Disarmament	Natural Resources Conflict & Human Rights	Protection of Civilians	Peace activism and Advocacy	Fundraising	Management & Administration			
a Grants and contributions	2.704.662	357.139	86.976	318.273	942.790	73.780			4.483.622	5.568.660	5.248.830
b Remittances to affiliated org									-	-	96.000
c Procurement	573.912	120.435	163.898	60.530	130.624	278.186			1.327.584	1.633.088	1.539.293
d Outsourcing	172.831	45.208	98.029	17.240	42.723	69.979			446.009	837.961	789.834
e Publicity and promotion						545.759			545.759	642.870	605.947
f Staff expenses	2.254.628	657.194	921.026	624.887	591.044	2.186.181	546.397	1.033.525	8.814.883	8.876.767	8.930.156
g Housing expenses	141.903	41.363	57.968	39.329	37.199	137.595	34.389	65.048	554.794	605.896	571.097
h Office and general expenses	208.708	60.836	85.258	57.845	54.712	202.372	214.047	306.888	1.190.665	1.422.111	1.340.434
i Depreciation	71.002	20.696	29.005	19.679	18.613	68.846	17.207	32.547	277.595	312.497	294.549
Total	6.127.645 34,7%	1.302.870 7,4%	1.442.159 8,2%	1.137.783 6,4%	1.817.705 10,3%	3.562.698 20,2%	812.041 4,6%	1.438.009 8,2%	17.460.912	19.899.850	19.416.140

Explanation to expenses and distribution:

- a Commitments to partner organisations with whom we work when carrying out projects
- b Payments to related organisation (STIKAV)
- c Direct program costs, i.e. purchasing, hiring, travel and accommodation expenses
- d Hiring specialists for research and reporting
- e Direct program costs for communication
- f-i The total cost of the organisation is based on the actually realised personnel costs in 2019, allocated to the above mentioned TOCs (direct) and cost types (indirect)

APPROVAL FINANCIAL REPORT AND APPROPRIATION OF RESULT

Date: 20 April 2020

Supervisory board

Peter van der Veer

Wieger Bakker

Janne Nijman

Tom Groot

Board of directors

Anna Timmerman

Miriam Struyk

Radboud van Delft

Stop bombing Idlib

In April, the Syrian and Russian army started their war against civilians in Idlib province, the last stronghold of the opposition against President Assad. Barrel bombs, phosphorus grenades and cluster bombs were used for attacks on residential areas, markets, schools and hospitals. Half a million people fled.

In June, PAX together with 13 organisations called on Dutch Minister Blok to ask Russia for clarification about these crimes. Thousands of Dutch people supported the campaign. We also held a silent protest at the Russian embassy in The Hague and at Utrecht Central Station.

It may seem futile against the background of such a great human drama, yet expressing our solidarity did offer some meaningful moral support to people in Idlib who feel so terribly let down.

"The #StopBombingIdlib campaign by Syrians and Dutch citizens brought back the great memories of the peaceful resistance actions that we ourselves organised at the start of the revolution." Hassan Hallak from Idlib



4. Other information

4.1 Branches

In 2019, PAX maintained branch offices in

- ◆ Iraq (Erbil)
- ◆ South Sudan (Juba) and
- ◆ DR Congo (Bunia). This office was closed mid 2019

4.2 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 2019 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 2019, and of its result 2019 in accordance with the Guideline for annual reporting 650 'Fundraising organizations' of the Dutch Accounting Standards Board and the requirements of the Wet normering topinkomens (WNT).

The financial statements comprise:

1. the balance sheet as at 31 December 2019;
2. the statement of income and expenses for the year 2019; 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 2019' (Audit instructions WNT 2019) 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 2019. 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 2019;
- ◆ 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 determine 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 Foundations 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 Executive 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 Foundations ability to continue as a going concern in the financial statements.

The Supervisory Board is responsible for overseeing the Foundations financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement 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, 15 May 2020

KPMG Accountants N.V.

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