

Annual Report 2022

Stichting Vredesbeweging Pax Nederland



www.paxforpeace.nl

Table of contents

Colophon

May 2023

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

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

See also www.paxforpeace.nl.

Authors: PAX

Graphic Design: Ondergrond.Agency & Amber Savitri de Graaf

Cover image: A local resident tries to clean the debris after explosion of the remnants of Russian cruise missile. Kyiv, Ukraine
25 Feb 2022 ©Anton Skyba voor the Globe and Mail Today

Foreword	4
1. Management Report	6
1.1 Vision, Core Values, Mission and Strategy	6
1.2 Achieving Objectives	10
1.3 Financial Policy and Financial Results	36
1.4 Risks and Uncertainties	37
1.5 Organisation and Governance	39
1.6 Communication with Stakeholders	45
1.7 Outlook for 2023	48
1.8 Corporate Social Responsibility	51
2. Report by the Supervisory Board	52
3. Financial Statements 2022	58
3.1 Balance sheet	59
3.2 Statement of income and expenses	60
3.3 Cash flow statement	61
3.4 Notes to the 2022 Financial Statements	62
3.5 Explanation of the balance sheet	72
3.6 Off-Balance Sheet Assets and Liabilities	78
3.7 Explanation of the income and expenses account	79
Appendix 1	82
Appendix 2	83
Appendix 3	86
Appendix 4	88
4. Other Information	92
4.1 Branches	92
4.2 Independent Auditor's Report	92

Foreword

Generation Peace

The work starts here, Nujeen Mustafa said at the 2022 Dublin Conference where 83 countries signed a declaration to strengthen the protection of civilians against the use of explosive weapons in populated areas. Nujeen is a Kurdish Syrian refugee. The bombardments in Syria left her disabled and she had to flee from Syria, crossing eight borders in her wheelchair. She is one of many young activists and she is an inspiration for us all.

The declaration was an important milestone for PAX in 2022. It took 11 years of campaigning of PAX and allies to get there. The horrific Russian war of aggression in Ukraine that shocked the world this last year, with its merciless bombing of populated cities, has made the need for the urgent implementation of this declaration cynically clear. You can read more about the Declaration in our annual report.

The year 2022 will be forever marked in our minds because of the new phase Russia's war of aggression in Ukraine, which started in 2014, causing major suffering for the population and with great consequences for Europe and other regions in the world. At the same time, wars also continued in other regions of the world and PAX continued to support our partners in those regions, to contribute to inclusive peace and to the protection of civilians.

PAX is involved in such a wide range of activities that it is almost impossible to provide a complete picture of our work in 2022. Therefore we have chosen to highlight specific cases, illustrating each of the four individual PAX themes: Inclusive Peacebuilding, Protection of Civilians, Business, Conflict & Human Rights, and Humanitarian Disarmament.

We also present our work in the Netherlands. Generation Peace was the slogan for our Peace Week in 2022, which focused on the meeting of generations young and old, all working tirelessly for peace and justice. What emerged clearly in the Peace Week in September is that experiencing and participating in peace work is essential for the transmission of the commitment to peace and freedom between generations.

This transmission of the commitment to peace is particularly important now, with a brutal war raging in Europe once again and a growing polarisation among different groups within European societies. Anyone can play a role to enhance peace and social cohesion. Peace is a mandate for all of us. If anything, young people are even more passionate about peace and justice simply because they will pay the highest price if we collectively fail to protect it. We see this in Ukraine. We see this also in our other programmes in the Balkans, in Africa, the Middle East and Colombia and other regions in the world, where young generations, often led by young women, are taking the lead. These young activists call the bluff of aggressors, dictators, and oppressors with striking élan, using social media and non-violent action.

Peace Generations also evokes the image of a caravan moving through time. And that too contains a truth. In 2023, our peace movement will be 75 years old. This makes us modest because many peace activists have preceded us. But it also inspires hope. After us, there again will be new generations. As new Board of Directors, we as well stand on the shoulders of those who preceded us. It makes us proud to continue the crucial mission of PAX in a changing world, with the same vision of a peaceful world, in which all people can feel safe and free.

“The work starts here.”

Rolien Sasse
General Director

Martje van Nes
Organisation Director

1. Management Report

1.1 Vision, Core Values, Mission and Strategy

VISION

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

CORE VALUES

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

MISSION

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

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

ADDED VALUE

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

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

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

ORGANISATIONAL AMBITIONS FOR 2021-2025

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

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

THEORY OF CHANGE AND PROGRAMME STRATEGY FOR 2021-2025

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

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

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

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

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

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

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

OUR VISION ON PEACEBUILDING



1.2 Achieving Objectives

INCLUSIVE PEACEBUILDING

Objectives

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

Interventions

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

PAX priority issues

- ◆ Nonviolent activism
- ◆ Female and youth leadership

2022

Within the theme Inclusive Peace building, PAX and its partners implement projects in Colombia, South Sudan, the Democratic Republic of Congo, the Sahel region, Lebanon, the Palestinian Territories, Syria, Iraq, the Western Balkans and Ukraine.

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

Up to 2025, Inclusive Peacebuilding will be a major theme in the Strengthening Civil Courage programme in alliance with Amnesty International NL, DefendDefenders (Uganda) and ABAAD (Lebanon) and in partnership with the Dutch Ministry of Foreign Affairs. The five-year Strengthening Civil Courage programme helps citizens in 14 countries in Africa and the Middle East to peacefully pursue their rights. It focuses on defending and expanding civic space, transforming conflicts, protecting human rights, pursuing gender equality and mitigating stress factors like the arms trade and the environmental impact of conflicts. The rationale of the Strengthening Civil Courage Alliance is the conviction that the protection of human rights and the transformation of conflicts are closely interlinked issues, and that human rights organisations and peace organisations need to work together. Equally, the Alliance is convinced that inclusive and sustainable peace is not possible without the participation of marginalised groups and addressing their needs.

After a difficult first phase due to the coronavirus lockdowns, the Strengthening Civil Courage programme came up to speed in 2022. Partnerships were built and deepened at the country level and across the alliance as a whole. Structures and processes are now in place, and we focused our attention on improving their relevance and efficacy for the implementation of the programme.



Mobile peace hub, Peace Engineers and DignitySpace. Photo: PAX Cinta Depondt

Inclusive peacebuilding in Ukraine; how to restore social cohesion?

On 24 February 2022, Russia started its full-scale invasion of Ukraine. Building on our peace work since 2014, when Crimea was annexed and the war in Donbas began, PAX continued to support Ukrainians. Together with partners and activists at multiple levels we mapped and denounced the impact of explosive weapons in populated areas (see page 26), the attacks on religious sites and communities, and the environmental damage caused by the Russian invasion (see page 28). In order to lay the foundations for a durable peace, we supported a large group of Peace Engineers, and engaged local authorities and active citizens to jointly start rebuilding inclusive and resilient communities after the Russians have left.

Thanks to the generosity of the Dutch public through Giro555, the Peace Engineers could immediately start helping thousands of people in distress. In places such as bomb shelters and railway stations where hundreds of thousands of refugees had arrived, they acted as psychosocial first responders and conflict mediators. Here, the work of PAX and our partner Dignity Space, the Ukrainian Centre for Nonviolent Communication and Reconciliation, paid off. Since 2017, Peace Engineers were very well trained to help restore the social fabric that was – and continues to be – damaged by the devastating war.

“People are waiting for us”

The 60-70 Peace Engineers know how to support their fellow Ukrainians thanks to a full year of studying and practising methods based on Nonviolent Communication, such as dialogue facilitation and reconciliation. Coordinated by Dignity Space, they operate in their own communities or cross the country in three minibuses which are stationed in Kyiv, Dnipro and Lviv. In these Mobile Peace Hubs, they drive to small towns and remote villages

to provide people with psychosocial support. Depending on the needs, they might also bring a hairdresser, a musical instrument or books and toys for the children.

Maryna is one of the Peace Engineers who regularly visits villages in areas that have been liberated after the Russian occupation, where people are trying to rebuild their homes and their lives. Maryna knows how important it is for them to talk about what happened to them, in a safe environment, in order to prevent or heal trauma and restore social cohesion. "People are waiting for us. We often return several times and I really see people changing. Aggression and anger make way for the emotional freedom to share their stories. After some time, even the men come to talk about their traumatic experiences."

De-occupied communities

To assist local authorities and active citizens in the difficult task to rebuild their communities, PAX and partner Association for Middle Eastern Studies designed a 'Roadmap for de-occupation'. In the roadmap we used concrete examples from people who worked in de-occupied communities in Kherson province. In 2022, PAX and partners also kicked off a project to restore social cohesion and strengthen the social contract in two war-struck municipalities in Chernihiv Kherson province. Among others, we will organize dialogues, facilitated by Peace Engineers, between citizens on sensitive topics such as 'who stayed and who left during the attacks' or 'how to create inclusive memorial signs'. Moreover, we will bring in Dutch and Balkan experiences to help authorities and active citizens to jointly create a transparent, accountable government and rebuild their future.



Peace Engineers working in the garden. Photo: PAX Cinta Depondt



PAX employee Marieke Droogsma and partners at the memorial made to honor the civilians' casualties, at the destroyed Irpin bridge, Photo: OlenaHantsyak-Kaskiv, Dnipro Space

PROTECTION OF CIVILIANS

Objectives

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

Interventions

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

PAX priority issues

- ◆ Human Security Survey
- ◆ Connecting intervention levels

2022

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

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



A victim of the June 2015 airstrike on Hawija looks at the destruction in the industrial neighbourhood., February 2022

"My son Omar was severely burned in his face and his hands. I did not expect that he would survive."

ASHWAQ, HAWIJA SURVIVOR

What happens after the strike?

It took the Dutch government 4.5 years forced by some devastating media reports, to finally acknowledge that its F-16s had conducted an airstrike on the Iraqi city of Hawija during the night of 2-3 June 2015. By that time, Omar had dropped out of school, because he was bullied for the severe burns on his face. His mother realised that her son's life would be forever scarred by the Dutch attack, and there was no way that she could help him. Money to have him operated would not come from the Dutch government, that carefully avoided to acknowledge responsibility for the death and destruction its airstrike had caused among the civilians of Hawija.

In 2021/2022, PAX, its Iraqi partner Al-Ghad and Utrecht University's project Intimacies of Remote Warfare (IRW) did what the Dutch Ministry of Defence (MoD) claimed to be impossible: trace the civilian harm effects of the airstrike. We went to Hawija, investigated and assessed the impact of the bombing in greater detail, and documented the stories told by 119 direct victims and witnesses in After the Strike. Contrary to what the Dutch officials kept repeating, the people of Hawija remembered every detail of what happened on that night in June 2015. Our researchers could see for themselves how the city was still in ruins, how survivors were left to their fate without any compensation, and how the economic damage prevented them from restoring their livelihoods.

These are the reverberating civilian harm effects of military operations that are often neglected by decision-makers. PAX wants governments and military to take into account what their 'operations' might cause, beyond the immediate death and destruction. We set up a consortium of civil society organisations to advise the Dutch MoD on this. After the launch of our report on April 2022, the MoD improved its policy, but as loopholes remain, we briefed the Dutch Parliament recommending them to repair these. Also, since Hawija civilians unfortunately will not be the last victims of Dutch use of violence in wars, PAX makes a case for the creation of a civilian harm fund by the Dutch government.

No excuses, no compensation

Hawija is a horrifying example of what happens to civilians on the ground, as a result of the increased reliance of Western states on remote warfare. While Dutch militaries were looking at the explosions on a screen in a far away Jordan camp, at least 85 civilians were being killed and hundreds injured and disabled for life. 6,000 houses, 1,200 businesses, infrastructure and people's livelihoods were destroyed – and so was their future.

Given the huge impact of the Dutch airstrike, the asks of the survivors are quite modest. They want the Dutch government to sincerely apologise and they want full, individual compensation. Until now, the government has never offered a credible explanation or visited the disaster site. It has only created a totally insufficient "goodwill" fund of €4.4 million for community projects in Hawija. That will not help Omar and the many other citizens who lost everything and still need medical care for injuries from the airstrike that changed their lives forever. Therefore, PAX convened a closed-door meeting between a Hawija political leader and two Dutch officials in 2021, which eventually led to the first meeting of the Dutch minister of Defence meeting with Hawija civilians in November 2022, although in Erbil, far from the hard-hit city itself.



In De Balie, the report authors, renowned journalists Azmat Khan and Danny Ghosen, human rights lawyer Liesbeth Zegveld, Lars Walrave (Dutch Ministry of Defense) and others came together to reflect on the report findings, discuss the present needs in Hawija, and debate the way forward for the Netherlands.



Photo credit: ©Lize Kraan

BUSINESS, CONFLICT & HUMAN RIGHTS

Objectives

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

Interventions

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

PAX priority issues

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

2022

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

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

One highlight in 2022 was that, after a series of appeals, the court case brought by the Swedish public prosecutor against the management of the Swedish oil company Lundin can finally start. Swedish prosecutors are charging Lundin Energy chairman of the board Ian Lundin and former CEO Alex Schneider with complicity in war crimes committed in Sudan between 1999 and 2003. This is the first time since the Nuremberg trials that a lawsuit has been brought against a billion-dollar company's senior management. It is also the first time anyone has been tried for war crimes committed during Sudan's civil war. The Lundin case is a test case, which can have an important preventive effect on the behaviour of companies in conflict zones. Accordingly there is a great deal of interest in this case in South Sudan. PAX has been working on this case for 18 years. The trial will start in 2023. See also <https://unpaiddebt.org/>.



Bombed higher educational facility in Sa'ada, 5 August 2015. Credit: OCHA / Philippe Kropf

Responsible banks don't finance irresponsible arms companies

PAX's work to prevent human rights violations in conflict zones also implies monitoring arms companies and their investors, and advocating for their increased compliance with human rights standards. Supported by thorough research on financial institutions and arms trade that we conducted since 2009, and from 2015 onwards with others in the Fair Finance Guide, we successfully influenced policies of Dutch pension funds, insurance companies and banks on arms trade. More and more, these financial institutions developed policies to avoid investments in so-called high-risk arm trade.

Building on this success, PAX decided to expand its research and advocacy work to financial institutions and arms trade in Europe, and eventually worldwide. In 2022, arms companies all over the world continued to sell weapons to states that are involved in violations of human rights and international laws of war. And banks and other financial institutions continued to bankroll these companies. PAX therefore publicly disagreed with calls from high-level Dutch militaries on pension funds and banks to resume their investments in the weapons industry. The problem with all big European and American arms firms is that they are making billions from selling weapon systems to regimes that look a lot like the Kremlin.

Although weapons might be needed to defend citizen's human rights and democratic values, like we have recently seen in Ukraine, arms may never be sold to repressive and aggressive regimes in countries like Myanmar, Russia and Saudi Arabia. Moreover, weapons alone will never bring about a durable peace.

Money and mouth

In July 2022, PAX revealed that the 15 largest banks in Europe invested €87.7 billion in arms companies that supply their products to states that use weapons for oppression or aggression, within or outside their borders. Among most of the companies' clients are Saudi Arabia and the United Arab Emirates, both of which have hit hospitals, schools and residential areas in Yemen with their bombs. The war has cost more than 120,000 civilian lives. Arms producers such as European Airbus, British BAE Systems, and American companies Boeing and Raytheon make such high-risk arms transfers. Between 2016 and 2020, they transferred thousands of bombs, missiles and ground attack aircraft to both countries.

Our report High-risk arms trade and the financial sector showed that all investigated banks continue their financial relationships with the largest arms producers in the world. Even if the banks' own policies clearly acknowledge the risks of such investments, they simply don't apply it to their general corporate loans. PAX believes that this does leave banks responsible for the companies' high-risk arms trade, which can be financed through the general loans. One of the banks with such a clear gap between policy and practice is Dutch ING. ING also continues to finance companies involved in the development and production of nuclear weapons, as another PAX investigation showed in December 2022.

PAX wants this report to be a wake-up call for banks that still don't put their money where their mouth is. Although it's too early to demonstrate the impact of the report, we consider the overall high response of banks to our draft findings promising. To keep up the pressure and encourage them to divest from irresponsible arms companies, we will continue to monitor improvements and launch new investigations on European, American and Canadian banks. In the mean time, we urgently call on banks such as ING to become the socially responsible banks they often claim to be and cut their ties with irresponsible arms producers.

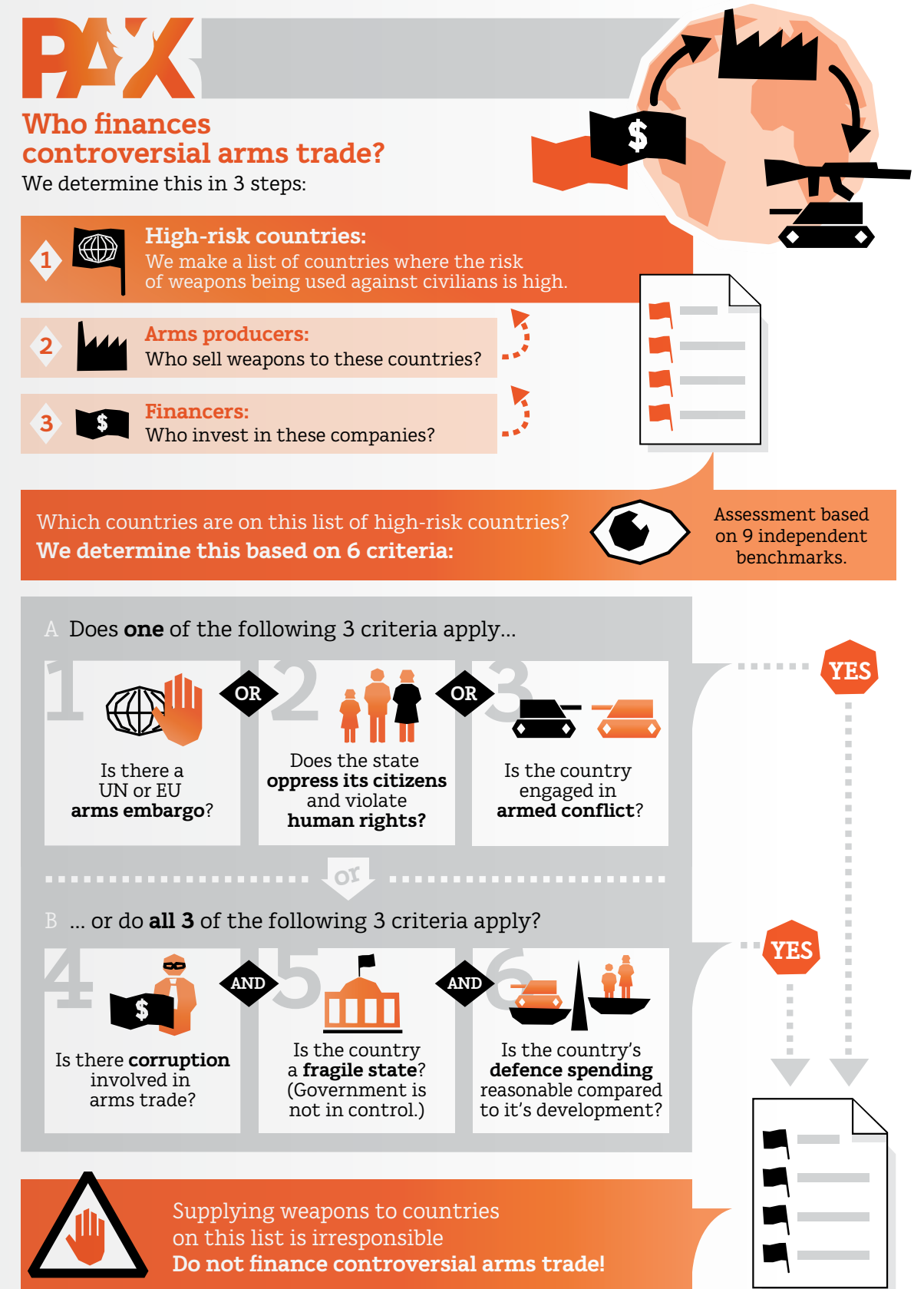


Illustration "Who finances controversial arms trade?" - taken from the PAX report "High-risk arms trade in the financial sector."

HUMANITARIAN DISARMAMENT

Objectives

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

Interventions

- ◆ Monitoring and research
- ◆ Advocacy and campaigns

PAX priority issues

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

2022

PAX works toward a form of disarmament called ‘humanitarian disarmament’, where the focus is on the human suffering caused by these weapons. PAX is guided in this by international humanitarian law. PAX strives for humanitarian disarmament by working on the improved regulation and/or prohibition of certain weapons, in particular weapons which by their nature, or when used incorrectly, cannot differentiate between civilians and military personnel. This includes nuclear weapons, as well as cluster munitions, anti-personnel mines, depleted uranium and the use of explosive weapons in densely populated areas. PAX is also targeting new weapons technology, such as the increasing use of armed drones or the fully autonomous weapons currently under development, the so-called ‘killer robots’.

PAX’s monitoring and research cover not only the production and use of these weapons, but also increasingly the investments in them. PAX uses its findings to engage directly with financial institutions and to mobilise consumers, e.g. through the Fair Finance Guide. The Guide informs the general public about how banks, insurance companies and pension funds are performing with regard to human rights, and social and environmental issues. PAX contributes through its research on investments in the arms trade and production.



A moment of silence at the monument for the unknown civilian, prior to the signing of the political declaration, Dublin Castle, Ireland.

Milestone in the protection of civilians

“I tried to forget my friend, but I could not. Whenever I remember how I found him without a head, I can’t eat or drink.”

18-YEAR-OLD WITNESS OF A MORTAR SHELL ATTACK IN AL-MUGHAL, YEMEN

On 18 November 2022 PAX, many other NGOs and states celebrated a milestone in Dublin: 83 countries signed a Declaration to strengthen the protection of civilians from the use of explosive weapons in populated areas. It took PAX and the International Network on Explosive Weapons (INEW) that we initiated in 2011, over eleven years to get here. The declaration’s importance cannot be overstated: for the first time states formally recognise the huge suffering explosive weapons cause among civilians when used in towns and cities. In the declaration states not only commit to restrict or refrain from the use of explosive weapons in populated areas, but also to monitor and be transparent about the effects, and provide assistance to victims and their communities.

Explosive weapons used in populated areas cause an incredible large number of deaths and injuries, of whom 91% are civilians. Women, men and children are either killed instantly or remain injured, often disabled for life, and traumatised. Survivors are left without homes and vital infrastructure such as roads, energy, water and communications facilities, schools and hospitals, like we documented in our 2022 report on the healthcare impact in Ukraine.

Persistent advocacy

Sadly, the voices of these victims are seldom heard in the political arena that tends to overlook them or consider them as collateral damage. To tell their stories, PAX travels to conflict zones or we support our partners to do so. In 2022, our Yemeni partner Mwatana documented what happened on the ground after explosive weapons hit populated areas in its war-torn country. In almost 2,000 airstrikes and ground-launched attacks killed 4,400 people, including over 1,500 children, and injured another 5,900. 'Not a single body in one piece' was the chilling title of our joint report, which resulted in parliamentary questions in the Netherlands.

For over a decade, PAX and INEW used solid investigations like these to underline the urgent need for better protection of civilians in our international advocacy campaigns. We engaged the media and organised public events, provided governments with technical information and discussed draft agreements with diplomats and military advisors. Thanks to a strong collaboration between states and NGOs, and political leadership of especially Austria and Ireland, the declaration was finally signed. Yet, this is not the end of the journey. As Nujeen Mustafa, who fled Syria by crossing eight borders in her wheelchair, stated at the Dublin conference: "The work starts here."

So, what will PAX do next? First of all, we have to make sure that states put their money where their mouth is. Military policies and practices will have to be revised, introduced or strengthened; PAX will engage with the Dutch Ministry of Defence about the implications of the Dutch signature. We will both push for and closely monitor the rapid implementation of the declaration and its proper interpretation. Meanwhile, we will continue to investigate what happens on the ground in conflict areas, and remember states of their obligations under the new Declaration: avoid the suffering of civilians from explosive weapons like the traumatised 18-year-old Yemeni boy.



Destroyed house in Marazan Area, Khadir District, Taiz Governorate, photographed on 29 June 2019 © Mwatana.

A silent casualty of war: Ukraine's environment

The war in Ukraine wreaks havoc across the country, causing immense human suffering and a massive destruction of homes and livelihoods. On top of that, the Russian aggression has a devastating impact on the Ukrainian environment, which in turn affects public health, food security, ecosystems and the climate. Ukrainians will feel the consequences for decades to come and, since air, water and soil pollution and climate change know no borders, so will people in the rest of Europe.

For over a decade, PAX has been investigating the harmful environmental effects of armed conflicts. We share the results widely, enabling authorities and humanitarian organisations to take preventative measures, clean up sites or contain the impact of toxins, among others. Furthermore, with the outcomes in hand we influence policymakers at all levels, to minimise the environmental impact of war and conflict. Our persistent advocacy has put this issue firmly on the international agenda; now the international community has to act. Therefore, in 2022 PAX delivered the evidence and recommendations that support organisations and governments in better protecting people and the environment in Ukraine.

Deliberate attacks

Russian military aggression against Ukraine once again shows us the far-reaching impact of war on biodiversity and ecosystems, as well as on the people who depend on these. Russian forces deliberately damage cities, industrial sites, energy infrastructure, and natural and agricultural landscapes, leaving them with millions of tonnes of contaminated debris. Food security is at risk, including at regional and international level, since the attacks also damaged some of Ukraine's richest soils and mines make agricultural work impossible. Important habitats and protected nature reserves were ravaged, threatening the country's biodiversity.

Military activities around nuclear facilities in Ukraine pose an additional risk to the local and regional environment. Not only because of the Russian occupation of these facilities, but also because of the many Russian attacks on energy infrastructure. Our case study Risks and impacts from attacks on energy infrastructure in Ukraine, published in December 2022, highlights how a Russian attack on a power substation risked causing a serious accident at a nuclear power plant more than 100 km away.

Mapping environmental damage

In 2022, PAX worked with Ukrainian and international partners to map Russian attacks, advise on priority sites to be cleaned up, and ultimately gather evidence to hold Russia accountable for the environmental damage it commits on Ukrainian soil. Applying the Open Source Intelligence methodology, we found 1243 attacks on Ukraine's agricultural industry and its fuel, water, and energy infrastructures. We could verify 231 of these incidents and confirm the damage through high-resolution satellite imagery, among others.

Of the verified attacks, 64 deliberately targeted vital energy infrastructure, with the largest attacks launched in October, when winter, cold and harsh arrived in Ukraine. During that month, Russian forces damaged 40% of Ukraine's power generation and transmission facilities, leaving millions of Ukrainians without electricity, heating and water. Without electricity, water pumping systems, water filtration and sewage facilities fail to work.



A view shows a burning 5th thermal power plant hit by a Russian missile strike, amid Russia's attack on Ukraine, in Kharkiv, Ukraine
September 11, 2022. REUTERS/Gleb Garanish

Deforestation increases, because people use firewood for heating and cooking. Hazardous substances leak from industrial facilities that need a stable power supply to pump (toxic) industrial waste and mine waters. And these are just a few examples of the cascading effects on people's lives and the environment.

Protecting the environment is an essential part of protecting people. Still, as former UN secretary-general Ban Ki-moon stated "the environment has long been a silent casualty of war". PAX will continue to provide the evidence for the international community to break this silence and address the environmental damage of war and conflicts, in Ukraine and beyond.



PEACE ACTIVISM IN THE NETHERLANDS

Objectives

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

Interventions

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

2022

PAX, which started after the Second World War, is firmly rooted in the history of the Dutch peace movement. Over the years, however, the active constituency has decreased in size. That is why the 2021-2025 Strategic Frame expresses a clear aspiration to expand and broaden PAX's support base in The Netherlands and to involve them in peace activities, both abroad and in the Netherlands, in response to a shared desire for peace.

Fortunately, after the coronavirus lockdowns in 2020 and 2021, we were again able to organise the yearly Peace Week, with a mix of in-person and online activities around its central theme of 'Generation Peace'. Sixty PAX Peace Embassies and other local groups, many of them related to PAX's ecclesiastical constituency, organised more than 200 activities throughout the Netherlands during the 2022 Peace Week. There were storytelling afternoons, dialogue evenings, concerts, meditations, exhibitions and silence circles. The Peace Week brought together people from many different cultural, religious and ethnic backgrounds in the Netherlands.

Against the backdrop of the daily reports on war and violence, PAX wants to showcase positive stories—stories of people bringing about change, whether on a large or small scale. Therefore every year, PAX celebrates special peace initiatives with the presentation of the PAX Doves. The 2022 winners of our PAX Doves were the former Guantanamo Bay prisoner Mohamedou Ould Slahia, the organisation Vote for a Woman, intersectional climate activist Chihiro Geuzebroek, and Shadow Game—a transmedia project about the dark side of fleeing to Europe. This year's International PAX Dove went to Yemeni human rights organisation Mwatana for Human Rights. See also <https://vredesweek.nl/>.



Photo credit: ©Lize Kraan



PARTNERS, COALITIONS AND ALLIANCES

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

Particularly in the Humanitarian Disarmament programme, working in international coalitions is a central feature of PAX's strategy. Examples are the International Network on Explosive Weapons, the Campaign to Stop Killer Robots, the International Campaign to Abolish Nuclear Weapons (ICAN), the Toxic Remnants of War Network and Fair Finance International. The coalitions enhance effectiveness by pooling expertise, dividing the workload, uniting constituencies, enabling joint advocacy and allowing us to learn from one another. Most of the coalitions are long-lasting partnerships around long-term strategic objectives, which are achieved step by step. We also work with Bellingcat, an investigative journalism group that specializes in fact-checking and open-source intelligence (OSINT).

Programme-specific alliances develop a programme together, acquire financial support for it and join forces in its implementation. A major binding factor in these consortia is the added value that each of the members brings in realising the programme's objectives. An example, ongoing in 2022, is the Musawat programme on the Freedom of Religion and Belief, in which PAX joins forces with the Peace and Freedom Organisation (PFO, Iraq), the Palestinian Center for Peace and Democracy (PCPD) and ALEF-Act for Human Rights (Lebanon).

In 2021, three consortia started implementing new programmes: 'Strengthening Civil Courage' (led by PAX), 'Al-Thawra Untha' (led by PAX) and 'Leaders of Peace' (led by PLAN International Netherlands). All three are financed by the Ministry of Foreign Affairs within its Strengthening Civil Society policy framework. In 2022 the three programs were fully operational and the consortia consolidated their collaboration. In 2023 the added value of each of the consortia will be assessed in Mid Term Reviews.

STRENGTHENING CIVIL COURAGE

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

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

PAX's PMEL system is organised around the impact that projects aim to achieve. Theories of change are developed and include assumptions on how certain interventions (activities) lead to certain outputs, how a mix of certain outputs leads to certain outcomes, and how a mix of the proposed outcomes contributes to the strategic project objectives. Project monitoring focuses on outcomes. PAX uses 'outcome harvesting' as a way of monitoring outcomes in a gender-sensitive and participatory way.

Outcome harvesting is a comprehensive, participatory method that combines the collection, verification, reflection and analysis of outcome data with PAX's partners. At the end of the most significant projects an evaluation is organised, enabling PAX to account for its programme results and strengthen its future interventions by learning from current interventions. Projects are evaluated using the criteria of OECD DAC (Organisation for Economic Co-operation and Development's Development Assistance Committee) and are guided by the intended uses of primary stakeholders (e.g. PAX, partners or beneficiaries). Last year, PAX commissioned three external project evaluations. One was finalised in 2021 and the remaining two were finalised in 2022.

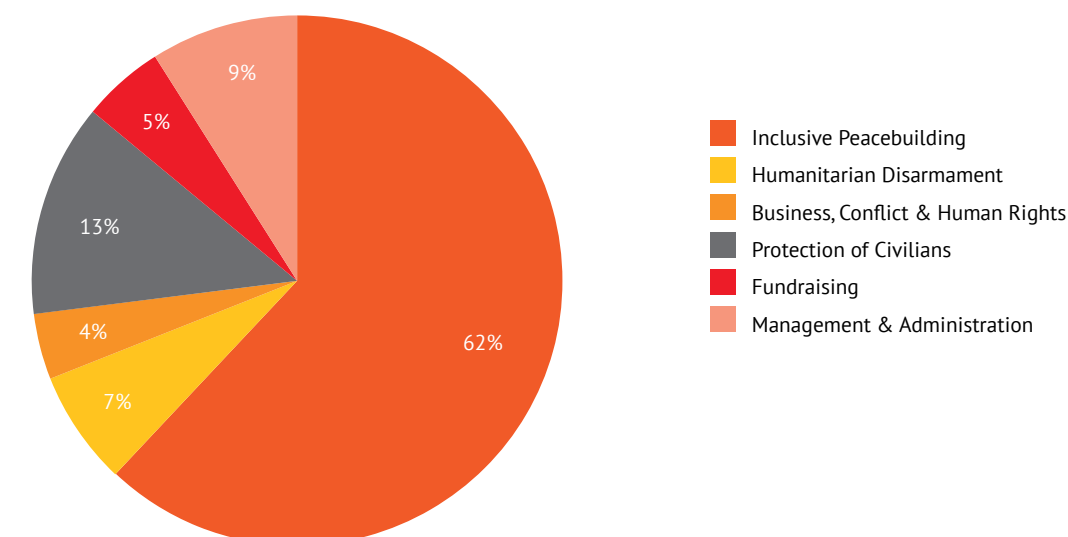
At PAX, learning takes place in different spaces. Project teams identify learning questions at the start of the year and plan steps to answer these questions. Within projects, PAX and partners reflect together on political developments, project implementation and risks or opportunities, and adapt accordingly. Project teams draw on thematic expertise from within PAX, alliance partners or external partners, including about gender, advocacy, civic space, activism, digital security and dealing with the past. Another space for learning is across projects, sometimes within a region or across regions. These exchanges between projects mostly have a thematic focus and are sometimes supplemented by knowledge transfer. In 2022, the first steps were taken to establish a PAX Academy and the first topics were identified. These topics are evidence-based advocacy, inclusive peacebuilding and nonviolent movement building.

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

Working on objectives, in figures

The chart below summarises the 2022 expenditure per objective. It shows that in monetary terms the 'Inclusive Peacebuilding' programme was by far PAX's largest programme in 2022. Of the total expenditure (€17.3 million), 86 per cent was directly related to programmes, 5 per cent was spent on fundraising and 9 per cent on management and administration. In practice, 'Peace Activism in the Netherlands' is interwoven with the thematic programmes.

EXPENSES BY OBJECTIVE



1.3 Financial Policy and Financial Results

The following is a summary of the financial results for 2022, with the budget for 2022 and the results for 2021 shown for the purpose of comparison.

IN € X 1,000	ACTUAL 2022		BUDGET 2022		ACTUAL 2021	
	€	%	€	%	€	%
Income	17,414	100	19,063	100	17,861	100
Expenses						
- On the objective	14,948	88	16,693	88	16,261	91
- Fundraising	840	5	1,073	6	902	5
- Management & Administration	1,539	9	1,242	7	1,258	7
- Financial gain/(loss)	23		-55		-14	
Sum of income and expenses	110		-		-575	

In 2022, the total income was lower than in 2021 (a difference of €447,000). Income from individuals was €117,000 more than in 2021 (2022: €714,000, 2021: €597,000). Our investment in a major donor programme, including our “Club van 100” and a more personal and professional approach, has resulted in increased income from medium-sized and major donors. An extra emergency fundraising campaign to support our peace work in Ukraine also contributed to our growth in income. Income from lottery organisations was €89,000 more than in 2021 (2022: €1,115,000, 2021: €1,026,000). This was due to the receipt of a one-off additional amount of €500,000. The direct project expenditures for the projects funded by the NPL were €411,00 less. (2022: €115,000, 2021: €526,000). Income from other non-profit organisations grew by €655,000 (2022: €1,980,000, 2021: €1,325,000). Grants from governments were €1,308,000 less than in 2021 (2022: €13,604,000, 2021: €14,912,000). This difference is mainly caused by the fact that our commitments with implementing partners went down by €1.8 million.

Compared to the budget, the actual income was €1.7 million less. Three sources of income in particular accounted for this difference. Grants from governments were €2.6 million lower than budgeted (budget: €16.2 million, actual: €13.6 million). The main reasons were a drop in the balance of the commitments to the implementing partners (€1.8 million) and underspending. Income from lottery organisations was €493,000 higher (budget: €622,000, actual: €1,115,000) because of the above mentioned one off additional gift of €500,000. Income from other non-profit organisations was €425,000 higher than budgeted (budget: €1,555,000, actual: €1,980,000).

In 2022, the share of income accounted for by the Strategic Partnership grants provided by the Ministry of Foreign Affairs was 50 per cent, compared with 43 per cent in 2021. The new strategic partnerships have been contracted for the period 2021-2025.

In order to reduce dependence on the ministry, PAX is focusing on fund diversification. In addition, PAX is also focusing on rebalancing earmarked and unearmarked funds. Most project funds are for a duration of two or three years, due to the project-based nature of this funding. The expenses on fundraising were €233,000 less than budgeted, because some of the plans that were included in the budget in 2021, like implementing a new CRM system, will in fact take place in 2023. Fundraising accounted for 5 per cent of income in 2022, the same as in 2021.

The expenses on management and administration were €297,000 higher than budgeted, mainly due to higher staff expenses. Because of the circumstances it was necessary to hire interim staff. The share of management and administration costs in 2022 was 9 per cent of revenue, an increase compared to 2021 (7 per cent).

The net income was €110,000 higher than budgeted. This was thanks to the additional €500,000 we received from the Postcode Lottery. Offsetting this were higher management and administration expenses and by the fact that fewer costs could be covered by projects. The net positive result was partly added to the special-purpose reserves and funds. The continuity reserve was reduced by €227,000. The remaining continuity reserve at the end of 2022 will be sufficient to cover the calculated risk, taking into account the continuity guarantee issued by Pax Christi. See Section 1.4 for a more detailed explanation of the continuity reserve.

FUNDRAISING METHOD USED

Support from individual donors is a valuable source of income for PAX. PAX is deeply rooted in Dutch society and enjoys moral and financial support from donors and Pax Christi. In order to fulfil PAX's mission, we apply a proactive approach to raise funds for our programmes. We are working together with our donors to develop solution-oriented partnerships, build strong networks and ensure sustainability for our programmes. We aim to make good use of the fact that as at the end of 2022, PAX has 14,400 private donors and is supported by contributions from 2,120 members of the Pax Christi association. Income from individuals was generated for example through our regular giving programme, direct mailing actions, church collections, our major donors programme, legacies and an emergency campaign to support our partners and our peace work in Ukraine. For the period 2021-2025, we were awarded the ‘Strengthening Civil Courage’ and ‘AL-Thawra Untha’ Strategic Partnerships by the Dutch Ministry of Foreign Affairs. As not all of PAX's programmes are funded through these partnerships, diversification is even more important. We successfully focused on forging stronger relationships with like-minded foreign governments as well as developing outreach to national and international foundations. Considering the financial requirements of these new partnerships, ensuring full cost recovery for every project from 2022 onwards has become essential to our organisation. In this respect too, the annual unearmarked funding from the National Postcode Lottery is very important.

1.4 Risks and Uncertainties

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

PAX has formalised its risk analysis. The risks are re-assessed every year to take account of current and anticipated changes in the categories discussed below. Based on the updated risk assessment, the

required minimum size of the continuity reserve has been calculated at €1.7 million (2021: €2.8 million). The required minimum is lower than in 2021 because we decided that for some risks it does not make sense to translate them into euros. The required amount is lower than the actual size of the continuity reserve (namely €1.4 million) as per the balance-sheet date plus the guarantee issued by Pax Christi (namely €1.2 million). The updated risk analysis was presented to and approved by the Supervisory Board. Our liquidity and reserves position is sufficient to cover more than 12 months of expenditure.

The **financial risk** (the biggest risk in our risk analysis) relates to the ability to absorb financial shocks in the financing of our work. The total amount related to financial risks is estimated at €726,000.

The amount affected by the risk that remaining costs cannot be covered if **funding sources are not replaced** by new funding is estimated at €76,000. This is a continuous risk due to the project-based nature of the funding that most institutional donors are able to provide. Our mitigating measures are diversification of donors, investing in donor relations and ensuring we have a strong track record with donors.

Furthermore, we have included an amount of €237,000 in **own contributions** in case we are not able to get 100 per cent coverage of the costs for new or existing projects due to funding restrictions imposed by the donor. This risk has increased due to the funding conditions for the 'Power of Voices' Strategic Partnership with the Dutch Ministry of Foreign Affairs, which allows fewer co-funding possibilities with other subsidies and donations. Our mitigating measures are to seek donors who are able and willing to provide coverage of the full cost of projects, as well as donors who are able and willing to match funding from other donors. In addition, we invest in raising private funding and other types of unearmarked funding.

We also have included an amount of €414,000. Because of a **changing context** it could be possible that we cannot achieve the results which are part of our donor contracts. This could have financial consequences.

Other risks

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

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

The risk of receiving **less income than budgeted from Stichting Ondersteuning Vredeswerk (STOV)** and having **no cover for the repayment of the STOV loan** was quantified at €0.9 million at the end of 2022. At the end of 2021, this risk was quantified at €0.5 million.

The total amount needed to cover these other risks is calculated at €970,000. Together with the €730,000 for the financial risk, the total amount needed for the continuity reserves is at least €1.7 million.

1.5 Organisation and Governance

LEGAL STRUCTURE

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

Pax Christi Netherlands was founded in 1948 as an independent section of the international Pax Christi movement. STOV (Stichting Ondersteuning Vredeswerk) was founded by Pax Christi in 1997. Its role is to manage the Stiltecentrum (Silence Centre) in shopping mall Hoog Catharijne in Utrecht with the mandate of its owners, the Sisters of the Eucharist Congregation, and the PAX office on St Jacobsstraat in Utrecht. The new articles of association of PAX and STOV came into force on 1 January 2022 and STOV became a support foundation under PAX.

DIAGRAM OF LEGAL STRUCTURE AS AT 1 JANUARY 2022



OBJECTIVE UNDER THE ARTICLES OF ASSOCIATION

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

PAX COLOMBIA

Fundación Pax Colombia (FPC) is a legal entity related to PAX. It was officially registered as a Colombian non-governmental organization in 2012. With a rotating staff of 15-20 people, it is

PAX’s preferred implementing partner in Colombia. FPC also manages its own projects. Currently, the members of the Founding Council are PAX staff working for our Latin America programme. The Founding Council has the power to appoint FPC’s executive director. FPC is currently in a process of legal disentanglement from PAX within the context of achieving greater autonomy in general.

BOARD OF DIRECTORS

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

The Director of Programmes was replaced by an interim director due to long-term illness. The vacancy of the Organisation Director was initially filled on an interim basis. The new permanent Organisation Director, Martje van Nes, started on 1 September 2022. In September, the General Director departed the organisation. A new General Director, Rolien Sasse started on 1 February 2023. As per February 2023 the board of directors exists of two persons: Rolien Sasse (General Director) and Martje van Nes (Organisation Director). The program director is no longer part of the board of directors.

COMPOSITION OF THE BOARD OF DIRECTORS 2022

NAME	POSITION	PERIOD	ANCILLARY POSITIONS ON 31/12/2022
Anna Timmerman	• General Director	1 January 2022 – 14 September 2022	None
Miriam Struyk	• Director of Programmes and member of PAX’s Board of Directors • Member of STOV’s Executive Board	1 January 2022 – 31 December 2022	None
Margreet Doodewaard	• Interim Director of Programmes without statutory power (Replacement due to long-term illness of Director of Programmes)	1 January 2022 – 31 December 2022	None
Arnoud de Jonge	• Interim Organisation Director without statutory power	1 January 2022 – 31 August 2022	None
Martje van Nes	• Organisation Director and member of PAX’s Board of Directors • Member of STOV’s Executive Board	1 September 2022 - 31 December 2022	None

Remuneration of senior management

The Supervisory Board determines the remuneration policy, the size of the management salaries and the size of the other remuneration components on the advice of the Remuneration Committee. The directors are employed by PAX and receive a salary. There is no separate payment or additional compensation for work done for the benefit of STOV. The Supervisory Board has determined the

salary policy and salary levels according to the collective labour agreement (CAO) of the Protestant Church in the Netherlands and the guidelines and certification system of the charity sector association Goede Doelen Nederland (see www.goededoelennederland.nl).

The guidelines consider, among other things, the size and complexity of the organisation, the context of the organisation and the executive board model. They set a standard maximum for the annual income. The weighting of the situation at PAX was carried out by the Supervisory Board’s Remuneration Committee in 2020 and is still valid for 2022.This led to a ‘BSD’ score of 418 points (General Director) with a maximum annual income of €130,699 (1 FTE for 12 months) and a ‘BSD’ score of 384 points (other members of the Board) with a maximum annual income of €117,225 (1 FTE for 12 months).

The actual annual incomes of the directors relevant to the assessment amounted to €86,245 for A. Timmerman (1 FTEs for 8 months), €83,056 for M. Struyk (1 FTEs for 12 months), €30,124 for A.M. van Nes (1 FTEs for 4 months) and €76,754 for M.M. van Doodewaard (0,89 FTEs for 12 months). These incomes were below the applicable ceilings. In 2022, there was also an interim director A.J.M. de Jong (0.68 FTEs for 8 months). The total fee paid of €127,421 including VAT is in line with the market for interim board members and A.J.M. de Jong met the conditions that are included in the scheme regarding the deployment of an interim director (not employed by the organisation). The annual income, the taxed allowances, the employer’s pension contribution, the pension compensation and the other long-term remuneration components remained within the maximum amount of €216,000 per year included in the scheme for A. Timmerman, M. Struyk, A.M. van Nes and M.M. van Doodewaard, with amounts of €97,008 (€122,536 on a full-time basis), €93,592 (€98,518 on a full-time basis), €34,308 (€108,341 on a full-time basis) and €86,587 (€103,080 on a full-time basis) respectively. The taxed allowances, the employer’s pension contribution and the other long-term remuneration components were also in reasonable proportion to the annual income. The amount and composition of the remuneration are explained in the financial statements in the notes to the statement of income and expenses. For further details, see Appendices 1 and 2 of the financial report.

GOVERNANCE AND SUPERVISION

Governance and supervision are strictly separate processes at PAX, as has been documented in the articles of association. The Supervisory Board’s tasks are to assess whether PAX is fulfilling its mission well and to supervise the policy of the Board of Directors. The Board of Directors is responsible for achieving the strategic objectives in an efficient and effective way. The Supervisory Board monitors the risks and the risk management in the organisation and checks whether there is a safe and healthy social environment. For the work of the Supervisory Board in 2022, please refer to Chapter 2 of this annual report..

ORGANISATION AND PERSONNEL

PAX has a distinctive organisational structure consisting of programme teams to achieve the programme objectives and specialist teams for organisation-wide and cross-programme tasks in specific fields of expertise. The teams are managed by two equal leaders (dual leadership model), one being responsible for content (strategy, policies and coherence) and the other person for the organisational side, including budgeting and personnel management. Please see the Annual Report of the Supervisory Board for further information.

The staff numbers fell from an average of 104.8 FTEs for 2021 to an average of 97 FTEs for 2022. This was mainly caused by vacancies that could not be filled. For 2023, the budgeted number of

FTEs is 118.2. This is due to an increase of received project funds which will be partly spend on staff costs for implementing the projects.

Absenteeism in 2022 was 9.87 per cent (2021: 9.4 per cent). The high percentage is mainly related to a number of long-term illnesses. The average reporting frequency (i.e. the number of times on average that a member of staff reports absenteeism each year) was 1.26 (2021: 0.88). Although this is an increase compared to 2021, it is still below the national average: the national average had increased likewise, mainly due to covid and flu. Therefore, it is not yet worrisome, but certainly something to keep track of to prevent a further increase. The high absenteeism percentage is worrying, firstly for the employees affected and involved and secondly at the organisational level. The Board of Directors is therefore closely monitoring the improvements in the absenteeism policy and its implementation.

Several interventions have led to a turning point in absenteeism: from mid-2022, a decline has set in. Other interventions are planned to continue the reduce of absenteeism.

INTEGRITY

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

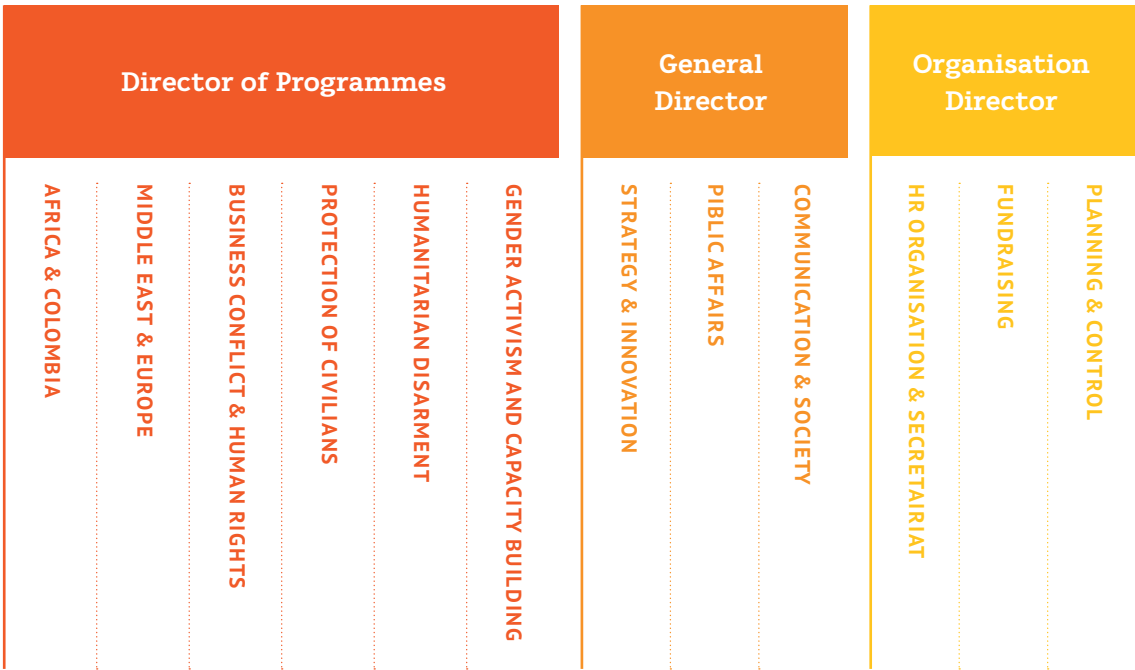
By 2022, we had significantly lowered the threshold for filing a complaint by providing a dedicated online form. Any person who experiences, sees or suspects that a PAX employee or volunteer is not acting with integrity can report this by filling in the Integrity Violation Web Form. It is available in Dutch and English.

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

In 2022, there were four reports of integrity issues

1. PAX received a notification about (non-sexual) undesirable behaviour by one employee with another employee. The manager and HR had two meetings with both the employees, in the presence of a translator, in which the issues were discussed and resolved to everyone's satisfaction.
2. PAX's integrity officer was contacted in 2022 about a case of undesirable behaviour two years before, in 2020, by a staff member of a former partner of PAX. The collaboration with his partner organisation had ended well before the complaint. The complaint

FIGURE 05 OVERVIEW OF PAX'S ORGANISATIONAL STRUCTURE



- reached PAX via a chain of two partner organisations, without any information about the content of the complaint. There were several attempts to reach the complainant, but we did not receive a response. As there was no further information, PAX did not contact the partner organisation that employed the alleged offender, e.g., for a hearing.
3. PAX received complaints from several participants in a training course given by a partner organisation about one of their trainers. The complaints were about (non-sexual) transgressive behaviour and feelings of not being safe. A preliminary investigation was conducted by the integrity officer and a PAX manager, followed by an investigation by an outside expert. The conclusion of both investigations was that there had been no transgressive behaviour. The feelings of not being safe turned out to be a result of a lack of transparency about assessments and graduation standards, and dissatisfaction about the handling of complaints. These outcomes were discussed with the partner organisation, who will apply the discussed points for improvement. Because the complainants live in a country that is currently experiencing extreme levels of war violence and the situation is volatile, communicating with the complainants, and thus closing this case, has proved difficult.
 4. A PAX staff member contacted the confidential counsellor because he/she lacked recognition, appreciation and trust from the organisation. The staff member has taken steps and requested an interview within PAX. He or she did not give any further update to the confidential counsellor.

We have learned that it is important to make a clear decision in an early stage about who is involved in the case, who has what role and what steps we will take, and to have an evaluation afterwards. In cases where no formal complaint was made, there are many options for how to deal with the case, tailored to suit the person(s) who reported the integrity issue and to lead to a satisfactory result.

We report cases to the Ministry of Foreign Affairs in accordance with the Ministerial Guidelines, to other donors and to CBF. None of the above cases needed to be reported. All new colleagues, consultants, volunteers and interns have signed the code of conduct. This is an obligation for everyone who starts to work for PAX (whether paid or unpaid).

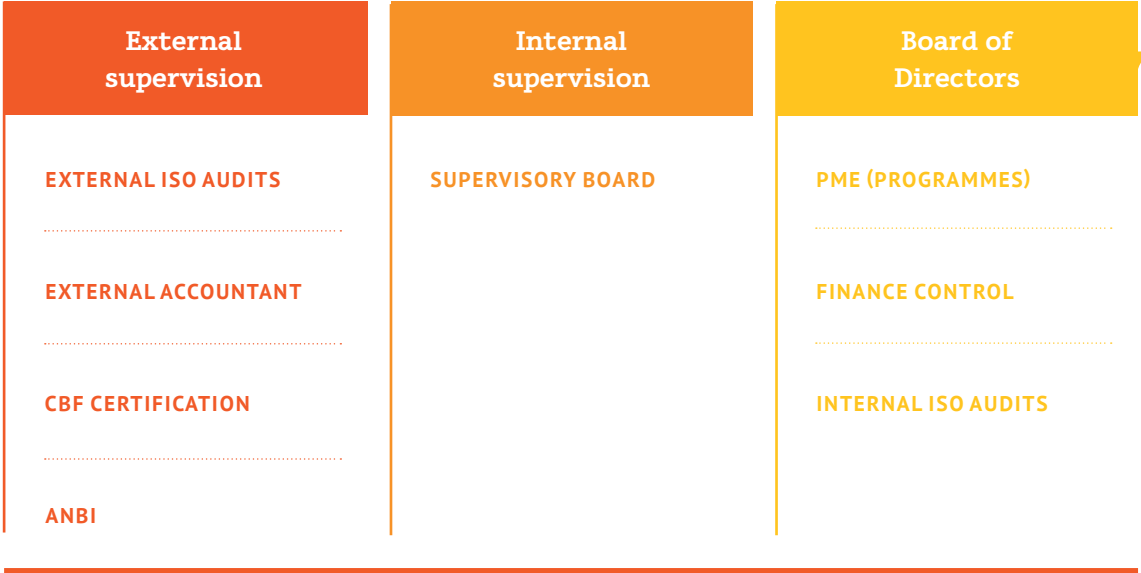
We have learned that it is important to make in an early stage a clear decision about who is involved in the case who has which role, what steps we will take and have an evaluation afterwards. In cases where there is no formal complaint there are many options to deal with the cases, suitable for the person(s) who reported the integrity issues which led to a satisfactory result.

We report cases to the Ministry of Foreign Affairs in accordance with the Ministerial Guidelines, to other donors and to CBF. None of these cases needed to be reported. All new colleagues, consultants, volunteers and interns have signed the code of conduct. This is an obligation for everyone who starts to work (paid or unpaid) for PAX.

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 06 RELATION BETWEEN INTERNAL AND EXTERNAL SUPERVISION



ISO Certificate 9001:2015

PAX has an ISO certificate 9001:2015 according to the Partos standard, version 2018 (Partos is the Dutch association for NGOs working in international development). External audits in the framework of ISO certification are conducted on an annual basis by an independent and accredited agency. The external audit conducted in 2022 showed no shortcomings that needed to be resolved urgently.

External accountant

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

Codes and guidelines

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

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

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

This code covers the fields of:

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

Public Benefit Organisation (ANBI)

PAX is treated as a Public Benefit.

1.6 Communication with Stakeholders

Being an NGO, PAX has a number of different stakeholders. The most important are our donors, our supporters in the Netherlands, our partners and our employees. Our communication strategy for these stakeholders is presented below.

Partners

PAX works with:

- ◆ Core partners in conflict areas with whom a long-term relationship is maintained
- ◆ Partner organisations on a project-specific basis.

PAX and its partners work together as equals. We learn together and invest in each other's capacities. We guarantee transparency and accountability, both reciprocally and to stakeholders (donors and constituencies). In doing so, we need to be constantly aware that there are also obstacles to equal partnership:

- a. Partners are regularly financial depended on PAX
- b. Because of the context of repression and violence our partners are often institutionally weak and at great risk if they organise peace activities and defend human rights (including women's rights).

The processes and structures underpinning projects and programmes are designed so that decision-making power is shared. This leads to frequent intensive contact between PAX project leaders and partners. In addition, on the basis of our core value of solidarity, PAX remains loyal to partners, especially in times of setbacks when violence and repression increase and direct results fail to materialise. A current example of this is the war in Ukraine. There was in 2022 daily contact with partners to monitor welfare and needs. The moment the security situation improved, PAX was again present in Ukraine.

As COVID-19 was no longer so prevalent, PAX employees visited a lot of Peace Embassies in 2022. The visits mostly related to the activities the embassies organised throughout the year (500 in total). Thousands of participants attended those events. Besides in-person visits, PAX employees also keep in touch with the Peace Embassies through a monthly newsletter, email and regular calls.

Furthermore the PAX office organised its own events in Utrecht during the Peace Week, the main annual event for PAX. These events attracted hundreds of supporters, who received an email afterwards with the possibility of keeping in touch with PAX by subscribing to our monthly newsletter or following us on one of our social media channels.

Another way we keep in touch with our supporters is through the PAX magazine, which is published four times a year, and by organising events for the Peace Embassies and other supporters. We also try to get students involved in PAX with internships and volunteer jobs during the Peace Week.

Donors and members

PAX aims to build long-term relationships with individual donors to secure ongoing financial support for our projects and campaigns. PAX has 14,400 private donors and is supported by contributions from 2,120 members of the Pax Christi association. In February, when the war in Ukraine started, we reached out to our donors and members asking for support. We received €118,000 for the support of our partners and our peace work in Ukraine. PAX is also reinforcing our 'Club van 100': a club of 100 people willing to contribute €1,000 each to our nuclear disarmament project. New members of the 'Club van 100' receive a specially made drawing by cartoonist Len Munnik. We launched this initiative in late 2020 and managed to reach 100 members of the 'Club van 100' in 2022. We produced a special PAX 'Club van 100' book that included interviews with donors and other people who have played an important role in the work to bring an end to nuclear weapons. On 3 May, we had a live event with the 'Club van 100' at the PAX office. In 2022, PAX expanded its network through two Charity Dinners hosted by 'Club van 100' members Hanneke Faber (on 7 April) and Wim Berger (on 13 October). Friends and family attended the Charity Dinners, and PAX colleagues presented our peace work concerning nuclear weapons, climate and the war in Ukraine.

Complaints procedure

Our complaints procedure is published on our website: <https://www.paxforpeace.nl/contact/complaints-procedure>. A complaint is defined as any statement that has come to the organisation's attention that expresses dissatisfaction with its mode of operation, its message or any of its employees.



Photo credit: ©Lize Kraan

In 2022 we received 18 complaints (2021: 5). 11 were in the nature of complaints about PAX's political position mainly on the Russian Invasion in Ukraine. All complaints were handled in accordance with the procedure.

Employees

In addition to daily operational contact, there is also frequent consultation with staff through various channels. Of course, there are regular work meetings. In addition, the Board of Directors holds regular consultative meetings with the Works Council. Employees have access to an independent confidential adviser if necessary (see also 'Integrity' in Section 1.5).

Brand awareness: media

The growth PAX experienced in media coverage in 2021 continued in 2022. We received extensive coverage in the Dutch national press with 65 articles in major newspapers like Trouw and NRC Handelsblad, as well as news websites like NU.nl and RTLnieuws.nl.

Furthermore, PAX was on the national radio and TV 40 times, which is considerably more than in 2021 (15 times). This was partly due to the war in Ukraine, but there was also a lot of press interest in subjects like killer robots/drones, Palestine and our report After the strike: Exposing the civilian harm effects of the 2015 Dutch airstrike on Hawija. It was mentioned on TV (NOS Journaal and EenVandaag) and radio (VPRO Bureau Buitenland, NPO Radio 1 Nieuwsweekend) and generated several articles in the newspapers NRC Handelsblad, Volkskrant, AD and Trouw.

PAX although received a lot of media coverage during the Peace Week. We appeared in the national press 5 times, 3 times on national radio, 44 times in regional media and 79 times in local media. Most of the coverage in the local media concerned the activities that the Peace Embassies organised throughout the Peace Week. The potential reach in the media that reported on the Peace Week was 18 million people.

Brand awareness: social media

Besides the traditional news media, we also keep in touch with our stakeholders through social media. Our Twitter account (PAXvoorvrede) and LinkedIn are mainly for journalists and people who have a professional interest in our work, whereas Instagram and Facebook are channels through which we inform our supporters and the general public about our work.

On Facebook and Instagram we experienced an increase in our reach, which was especially apparent during the Peace Week. In 2021 we reached 294,000 people with our Peace Week campaign and in 2022 that increased to 385,925 people. Twitter does not provide reach numbers, but we did see an increase in the number of followers during the Peace Week.

The PAX website had 97,015 unique visitors in 2022 (7% more than in 2021) and 232,638 page views (16 per cent more than in 2021).

1.7 Outlook for 2023

Peace work is always done in a violent and rapidly changing context. But now several crises are happening simultaneously. We see conflict and war intertwined with the consequences of major global shifts in environmental change, the use of Artificial Intelligence in warfare, and the dynamics of a multipolar world dominated by the ideological and economic competition between China, Russia and

"Our partners are the experts in their fields. Not us."

HELEEN KEIJER IS RELATIONSHIP MANAGER
WITHIN THE DUTCH POSTCODE LOTTERY.

PAX is one of the organizations in her portfolio. How does she perceive the cooperation?

How do you experience the cooperation between PAX and the Postcode Lottery?

I only started in August at the Postcode Lottery, so a brief time. PAX was one of the first organizations that I came to work with. The dialogue between the Lottery and PAX, as with all our partners, is a very open, friendly and respectful one. PAX is an example of a civil society organization with a relevant focus on protecting people and ending violence and we are happy to be able to contribute to causes such as PAX. Now and in the future.

How do you as the Postcode Lottery respond to actualities, for instance the war in Ukraine?

We support many organizations that are active in crisis areas, with a long term and unrestricted contribution. Our partnership is based on trust and cooperation. Our partners are the experts in their respective fields. They know what is needed most to achieve their goals. The Postcode Lottery supports them in their goals.

The Postcode Lottery faced some challenges, such as extra competition from online gambling organizations and new rules for the contribution rate. This went from 50 % to 40 %. How did the Postcode Lottery deal with those changes?

While our minimal contribution rate decreased, our multi-annual contributions didn't. This was simply because the reduction was needed to remain attractive in a changing market for both our current and new players. Especially now that the online gambling market has been legalized. We pride ourselves in the fact that we can offer a safe and fundraising lottery product.

What is the difference between you and the online gambling market?

There are many. One of the main differences is that there is no risk of addiction when playing with the Postcode Lottery. The whole rush of instant gratification does not exist. This is a conscious choice. We feel a duty of care towards our players. Another big difference is of course our contribution to good causes, the one reason we operate.

What do you think is the added value of the Postcode Lottery for civil society organizations such as PAX?

We are very unique in our way of funding, our reporting requirements are limited and trust based. We want to see action, not bureaucracy. That's why our funding is unrestricted. The charities and other organisations which benefit from money raised by our players are free to set their own priorities. Our approach empowers these organisations, enabling them to adapt as circumstances change, to respond quickly to societal needs, to invest in long-term strategies and, crucially, to experiment and innovate. Essentially, we trust our partners to do what is right.



© Nathalie Herms

the West. In Europe, the EU is rethinking its peace and security policy. PAX will also shift its focus to Europe and the Netherlands in 2023.

But we also see courage, resilience and counterforce. In several countries where PAX works activists, often with women and youth in de forefront, continue to advocate for freedom and democracy are standing up against repression. The Ukrainian people is showing enormous courage and resilience, not letting themselves be cowed by the relentless violence from Russia. And the European Union is showing solidarity. All this gives hope.

Our 2021–2025 Strategic Framework ‘Empowering People, Building Peace’ remains relevant. In 2023 we will however reassess our strategies. The aim is to adapt to geopolitical developments and to check whether we are still on the right track. The war in Ukraine and the consequences for Dutch, European and NATO foreign and security policy, among other things, will also lead to adjustments in our policy and programmes.

To respond as quickly as possible to what is happening around us in the world and to increase PAX’s impact, we have identified five priorities in 2023.

1. Get appealing and impactful programs for the Netherlands, Europe and Climate, Environment and Conflict developed and funded.
2. Infrastructure for private and institutional fundraising leads to more unearmarked income.
3. Strengthen Strategic Leadership. We have strengthened leadership as a role and competency such that the organization is better able to shape its own future.
4. Make the PAX Strategic Plan manageable both in terms of content and financially:
- analyze the revenue model and develop alternatives in preparation for 2024 when a new PAX strategy must be developed.
5. Further develop and increase organizational efficiency and effectiveness.

Financial outlook

The 2023 budget outlined below has been approved by the Supervisory Board.

IN € X 1,000	BUDGET 2023		ACTUAL 2022		BUDGET 2022	
	€	%	€	%	€	%
Income	19,531	100	17,414	100	19,062	100
Expenses						
On the objective	17,303	88	14,948	86	16,692	87
Cost of Fundraising	930	5	840	5	1,073	6
Cost of M&A	1,290	7	1,539	9	1,242	7
Financial gain/loss	-5		23		-55	
Net income	3		110		-	

1.8 Corporate Social Responsibility

We continued our policy in 2022 on corporate social responsibility.

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

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

We consciously choose our suppliers and hired services. For example, in 2022 we addressed our external auditor who wanted to continue their operations in Russia (see chapter 2).

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

Our staff need to travel by airplane in order to implement projects and work closely with our partners and civilians in conflict and post-conflict areas. However, in 2022, we have tightened our flight policy.

- ♦ Trips under 750 kilometers (or trips that can be done by public transport within 8 hours) will be done by train. Even if it is more expensive. Exceptions must be discussed, and explicit permission must be given. Travelling by plane to e.g., Berlin is no longer possible. Domestic flights e.g., in South Sudan or Iraq can take place for security reasons.
- ♦ If more than three PAX employees fly to the same meeting, they must give be a clear reason for this.
- ♦ We take direct flights whenever possible and when there is not much price difference.
- ♦ We always compensate for CO2 emissions.

2. Report by the Supervisory Board

MEETINGS OF THE SUPERVISORY BOARD

The Supervisory Board's task is to independently and professionally supervise the policy of the Board of Directors. It is responsible for approving the 2021-2025 Strategic Framework plan, the annual plan and budget, and the annual report and financial statements. To ensure effective supervision, the Supervisory Board draws up a supervisory agenda each year to address the various elements of good governance it envisages. In 2022, the Supervisory Board focused on:

- ◆ The composition of the Board of Directors;
- ◆ Finances;
- ◆ Organisational development;
- ◆ Peace programmes and projects;
- ◆ Mazars in Russia.

In 2022, the Supervisory Board held eight regular meetings. To ensure that the Supervisory Board obtains its information not only from the Board of Directors, additional meetings were held with the Works Council. There were also dialogue meetings with PAX personnel, the IKV Board and the Pax Christi members' council.

SELF-EVALUATION OF THE SUPERVISORY BOARD

The self-evaluation took place on 15 June 2022. The online self-assessment tool of the Stichting Intern Toezicht Goede Doelen (Foundation for the Internal Supervision of Charities, <https://www.itgd.nl/>) was used to get a clear insight into areas for discussion and improvement in the professionalism of the Supervisory Board. The main conclusions were as follows:

1. The Supervisory Board considers it of utmost importance to be fully involved in the development of PAX's strategy and to be able to monitor progress.
2. Insight into the financial results is a key issue.
3. The vision on supervision will be made explicit. Important points concern how to keep the balance between supervising and advising the Board of Directors, how to shape a critical dialogue with the directors, and how to arrange the involvement of Supervisory Board members outside the formal meetings (e.g. through working visits or contacts with stakeholders).

THE COMPOSITION OF THE SUPERVISORY BOARD AND ITS COMMITTEES

There were no changes in the composition of the Supervisory Board in 2022.

The Supervisory Board has an Audit Committee that studies the financial documents and discusses them in detail with the Organisation Director and the financial controller, and at set times with the external auditor. The Audit Committee held six meetings in 2022. The findings of the Audit

Committee are reported to the Supervisory Board at every meeting. In addition to the Audit Committee, the Supervisory Board also met with the external auditor, accounting firm Mazars, to discuss the financial state of affairs.

The Supervisory Board has a Remuneration Committee that fulfils the obligations of the Supervisory Board as the formal employer of the members of the Board of Directors. The committee mainly conducts annual performance reviews with the individual members of the Board of Directors and gives guidance in case of long-term illness.

MAIN FOCUS POINTS IN 2022

The composition of the Board of Directors

In 2022, PAX's Board of Directors was in an interim phase:

- ◆ Due to the long-term illness of the Director of Programmes and the departure of the Organisation Director in the autumn of 2021, two interim directors were appointed without powers under the articles of association.
- ◆ After seeking the advice of the Works Council, the Supervisory Board decided to reduce the three-person Board of Directors under the articles of association to a two-person Board of Directors under the articles of association, consisting of a General Director and an Organisation Director. They will jointly bear responsibility for the strategic direction and results of the organisation. The rationale behind this decision is that a two-person Board is the right size for an organisation of the size and complexity of PAX.
- ◆ The General Director, Anna Timmermans, departed on 1 September 2022. The Supervisory Board thanks Anna Timmerman sincerely for her great dedication and all she has done for PAX.
- ◆ Due to these changes, a new Organisation Director and a new General Director had to be recruited.

The Supervisory Board therefore had to spend considerable time on the recruitment and selection process for both director positions. These positions have now been filled.

- ◆ On 1 September 2022, Martje van Nes took office as Organisation Director.
- ◆ On 1 February 2023, Rolien Sasse joined PAX as General Director. This was also when the transition from a three-person Board of Directors under the articles of association to a two-person Board of Directors took place.

The Supervisory Board is pleased to have been able to appoint the two new directors and has great confidence in their knowledge and skills.

Finances

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

However, in 2021 PAX faced a financial shortfall, in particular due to new grant conditions imposed by the Dutch Ministry of Foreign Affairs and to underspending because of the coronavirus lockdowns. This had to be corrected in 2022. The Supervisory Board and its Audit Committee therefore had several discussions on how to improve PAX's financial structure and processes. The spending of the 2022 financial budget was also closely monitored. For an explanation of the measures taken, please refer to the chapter on finances and the financial statements.

Organisational developments

In 2022, the Supervisory Board and Board of Directors had several discussions on adjustments to the management structure. A change was necessary to fulfil PAX's ambition to be a purpose-driven, sustainable organisation that is able to steer successfully by focusing on clear goals and results in a complex and changing world. It was decided to significantly further strengthen the senior leadership structure, competencies, roles and responsibilities in our organisation. The new management structure will be implemented in early 2023. In addition, a working group with representatives from the PAX Supervisory Board and Board of Directors, the IKV board and the Pax Christi members' council looked at possible improvements to the peace organisation's governance structure. Final decision-making and implementation will take place in 2023.

Peace programmes and projects

In order to remain well-informed about peace programmes and projects, a project leader is invited at the start of the meetings to give a presentation on specific substantive issues. In 2022, the Supervisory Board received briefings on:

- ◆ The Russian invasion of Ukraine;
- ◆ PAX's work on the demobilisation of fighters in the Lord's Resistance Army in DR Congo;
- ◆ The Theory of Change behind the PAX programmes;
- ◆ The use of explosive weapons in populated areas. PAX is a co-founder and member of the steering committee of the International Network on Explosive Weapons (INEW).

Mazars in Russia

Following the Russian invasion in Ukraine, PAX supported sanctions, in order to increase pressure on Russia to end their aggression and withdraw from Ukraine. In this context PAX undertook an assessment of its own suppliers to assess their policy regarding the sanctions regime. In this context a discussion has taken place between the Supervisory Board of PAX and Mazars Netherlands encouraging them to terminate their services to clients in Russia. Mazars pulled out of Russia after the EU Commission banned accountants from providing services in Russia on 4 May 2022.

COMPOSITION OF THE SUPERVISORY BOARD AND THE ROTATION SCHEDULE

On 31 December 2022, the Supervisory Board consisted of the following members.

TABLE: COMPOSITION OF THE SUPERVISORY BOARD

NAME	POSITION IN SUPERVISORY BOARD	POSITION/ANCILLARY POSITIONS
T. L. C. M. (Tom) Groot	<ul style="list-style-type: none"> • Member of the Supervisory Board of PAX • Member of the Audit Committee 	<ul style="list-style-type: none"> • Emeritus Professor of Management Accounting, VU University Amsterdam • Chair of the board of directors, Archaeological Institute VU-Hbs • Member of the supervisory board, Reclassering Nederland • Member of the Municipal Council of Oegstgeest
E.J. (Elise) Kant	<ul style="list-style-type: none"> • Member of the Supervisory Board of PAX 	<ul style="list-style-type: none"> • Director, Haella Foundation • Chair, Landelijk Fondsen Overleg
F. (Farah) Karimi	<ul style="list-style-type: none"> • Member of the Supervisory Board of PAX • Member of the Remuneration Committee 	<ul style="list-style-type: none"> • Member of the Dutch Senate • Independent Professional on Leadership & Ethics • Member of the supervisory board of NHLStenden, University for Applied Sciences • Chair of the Board of Writers Unlimited
E. A.M. (Eduard) Nazarski	<ul style="list-style-type: none"> • Chair of the Supervisory Board of PAX 	<ul style="list-style-type: none"> • Chair of the board of the Peace Studies Foundation • Member of the board of Goede Doelen Nederland • Member of the oversight board of Musicians Without Borders
D. (Dushica) Naumovska	<ul style="list-style-type: none"> • Member of the Supervisory Board of PAX • Member of the Audit Committee 	<ul style="list-style-type: none"> • Chief Operating Officer, INHOPE International Association of Internet Hotlines
J. E. (Janne) Nijman	<ul style="list-style-type: none"> • Member of the Supervisory Board of PAX • Member of the Remuneration Committee 	<ul style="list-style-type: none"> • Chair of the executive board and academic director of the T.M.C. Asser Institute (till 1 July 2022) • Professor of the History and Theory of International Law, University of Amsterdam • Professor of International Law, the Graduate Institute of International and Development Studies, Geneva • Chair of the supervisory board, the World Press Photo Foundation • Jury member, UCLG Peace Prize

TABLE: ROTATION SCHEDULE

NAME	DATE APPOINTED	APPOINTED BY	END OF FIRST TERM	END OF SECOND TERM
Tom Groot	1 Dec. 2018	Pax Christi	1 Dec. 2022	1 Dec. 2026
Elise Kant	1 Mar. 2021	IKV	1 Mar.2025	
Farah Karimi	1 May 2020	IKV	1 May 2024	
Eduard Nazarski	1 May 2021	Pax Christi	1 Mar. 2025	
Dushica Naumovska	1 Mar. 2021	Pax Christi	1 Mar. 2025	
Janne Nijman	1 Jan. 2019	IKV	1 Jan. 2023	1 Jan. 2027

REMUNERATION

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 the amounts actually incurred. .

NO CONFLICTING INTERESTS

There were no transactions in 2022 involving conflicts of interest on the part of members of the Supervisory Board or Board of Directors. Each year, all members of the Supervisory Board and Executive Board submit a declaration of ancillary positions they hold that could involve potential conflicts of interest for them and their direct family members.



3. Financial Statements 2022

3.1 Balance sheet (after appropriation of result)

		31 December 2022	31 December 2021
		€	€
ASSETS			
Intangible fixed assets	1	127,440	180,687
Tangible fixed assets	2	33,596	100,049
Financial fixed assets	3	392,006	384,320
Total fixed assets		553,042	665,056
Receivables and prepayments			
Receivables from related entities	4	184,272	103,202
Receivables from donors	5	2,280,378	2,724,182
Other receivables and prepayments	6	422,668	350,674
		2,887,318	3,178,057
Cash and cash equivalents	7	5,678,515	6,577,784
Total assets		9,118,875	10,420,897
		31 December 2022	31 December 2021
		€	€
LIABILITIES			
Reserves and funds			
Continuity reserve	8	1,420,098	1,647,584
Earmarked reserves	9	500,000	199,208
Earmarked funds	10	118,657	82,093
		2,038,755	1,928,884
Long term liabilities	11	49,152	295,107
Current Liabilities			
Grants received in advance	12	3,963,166	3,400,420
Partner commitments	13	1,018,894	2,837,472
Accounts payable		411,715	607,755
Other liabilities	14	1,637,193	1,351,259
		7,030,968	8,196,906
Total liabilities		9,118,875	10,420,897

3.2 Statement of income and expenses

		Actual 2022 €	Budget 2022 €	Actual 2021 €
INCOME				
Income from individuals	15	714,112	700,000	596,820
Income from companies	16	-	-	916
Income from lottery organisations	17	1,115,209	622,033	1,025,905
Grants from governments	18	13,604,483	16,185,474	14,911,874
Funding from other non-profit organisations	19	1,979,865	1,555,000	1,325,026
Sum of income		17,413,669	19,062,507	17,860,541
EXPENSES				
Expenses on the objective	20			
Inclusive peacebuilding		10,689,931	11,302,317	11,972,530
Humanitarian Disarmament		1,198,001,	1,508,193	1,367,703
Natural Resources, Conflict & Human Rights		719,446	1,278,302	691,549
Protection of Civilians		2,340,404	2,604,102	2,228,857
Sum of expenses on the objectives		14,947,782	16,692,914	16,260,638
Fundraising	21	839,794	1,072,590	902,315
Management and administration	22	1,538,927	1,242,003	1,258,288
Sum of expenses		17,326,503	19,007,507	18,421,241
Sum of income and expenses before financial gain/loss		87,166	55,000	-560,700
Financial gain/loss	23	22,704	-55,000	-14,157
SUM OF INCOME AND EXPENSES		109,870	-	574,857-
Appropriation of result	24			
Addition to continuity reserve		227,486-		683,041-
Addition to earmarked reserve		300,792		51,000
Addition to earmarked fund		36,564		57,184
		109,870		574,857-

3.3 Cash flow statement

		2022 €	2021 €
Sum of income and expenses		109,870	574,857-
Adjusted for:			
Depreciation & amortisation	1,2	127,730	256,182
Net finance costs	23	15,018-	21,693
Changes in Receivables from related entities	4	81,070-	64,849-
Changes in Receivables from donors	5	443,803	33,633-
Changes in Other receivables and prepayments	6	71,994-	33,053-
Changes in Long term liabilities	11	245,955-	589,183-
Changes in Current liabilities	12,13,14	1,165,938-	4,476,794-
Cash flow from operations		898,572-	5,494,494-
Interest received	23	138	-
Interest paid	23	44,268-	60,032-
Other finance costs paid		738-	1,648-
Cash flow from operating activities		943,439-	5,556,174-
Investment/desinvestment in intangible fixed assets	1	-	114,401-
Investment/desinvestment in tangible fixed assets	2	8,030-	12,068-
Investment/desinvestment in financial fixed assets	3	7,686-	7,536-
Cash flow from investing activities		15,716-	134,005-
NET CASH FLOW		959,156-	5,690,179-
Exchange rate and translation differences on cash and cash equivalents		59,886	39,987
CHANGES IN CASH AND CASH EQUIVALENTS	7	899,270-	5,650,192-

The significant difference of changes in cash and cash equivalents between 2022 and 2021 is mainly caused by the changes in current liabilities. Consisting of grants received in advance, partner commitments and other liabilities. For details see notes 12, 13 and 14.

3.4 Notes to the 2022 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 2022, which ended at the balance sheet date of December 31, 2022.

Reporting Directive for Fundraising Institutions

The 2022 Financial Statements have been prepared in accordance with Guideline RJ650 for Fundraising Organisations, which is the applicable reporting framework for Dutch fundraising organisations. In addition, the financial statements have as well been prepared in accordance with the Wet Normering Topinkomens.

Group Companies

Stichting Ondersteuning Vredeswerk is a group company with the same supervisory board as Stichting Vredesbeweging PAX. This foundation, however, is not included in the consolidation as referred to under the Annual Reporting Guideline 217.304, as it is immaterial to the group as a whole. Separate financial statements are available.

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 in to 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 2022, the currency translation differences recognized in the profit and loss account amounted to EUR 59,886 (2021: EUR 39,987).

USE OF ESTIMATES

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

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

FINANCIAL INSTRUMENTS

Financial instruments include investments in shares and bonds, trade and other receivables, cash items, loans and other financing commitments, derivative financial instruments, trade payables and

other amounts payable. The financial statements contain the following financial instruments: Cash items, receivables and payables. The foundation has no (embedded) derivative financial instruments.

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

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

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

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

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

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

IMPAIRMENT OF (FIXED) ASSETS

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

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

When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, an impairment loss is recognised for the difference between the carrying amount and the recoverable

amount. If there is an impairment loss for a cash-generating unit, the loss is allocated to the assets of the unit pro rata to their book values.

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

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

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

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

The currency risk for PAX largely consists of positions and future transactions in US dollars or currencies closely related to 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 foundation has the firm intention to settle the balance on a net basis, or to settle the asset and the liability simultaneously. If there is a transfer of a financial asset that does not qualify for derecognition in the balance sheet, the transferred asset and the associated liability are not offset.

INTANGIBLE FIXED ASSETS

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

TANGIBLE FIXED ASSETS

Tangible fixed assets are 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.

FINANCIAL FIXED ASSETS

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

RECEIVABLES

The accounting policies applied for the valuation of receivables are described under the heading 'Financial instruments'. All receivables have an estimated maturity shorter than one year. The carrying values of the 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 are stated at nominal value. If cash and cash equivalents are not readily available, this is taken into account in the measurement.

CONTINUITY RESERVE

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

EARMARKED RESERVE

Earmarked reserves are formed for special projects whose expenditure is covered from own resources. Earmarked reserves have limited spending options, the allocation is determined by the board when adopting the annual accounts or in the interim when deciding on special projects. The basic principle is that the financial resources are quickly spent on the objective. Earmarked reserves must therefore generally be available for spending in the short term.

EARMARKED FUND

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

PROVISIONS

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

LIABILITIES

The valuation of Liabilities and other financial commitments are described under the paragraph financial instruments. Liabilities related to grants received in advance and contractual obligations to partners (partner commitments) are presented under the current liabilities, except for those that are due or expected to be due after one year, which are presented under non-current liabilities. The accounting policies with regards to the grants received in advance are described 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 in the year in which the deed of distribution, or if there is no deed of distribution, the account and statement of account, is received.

INCOME FROM COMPANIES

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

INCOME FROM LOTTERY ORGANISATIONS

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

SALARIES OF 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.

CASH FLOW STATEMENT

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

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

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

RELATED PARTIES

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

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

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

SUBSEQUENT EVENTS

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

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

Date of preparation of financial statements: March 15, 2023

3.5 Explanation of the balance sheet

	31 December2022	31 December 2021	
	€	€	
<hr/>			
1. Intangible fixed assets			
Balance as at 31/12 *			
Software	127,440	180,687	
Licences	-	-	
	<hr/>	<hr/>	
	127,440	180,687	
<hr/>			
Movement in intangible fixed assets:	Software	Licences	Total
Balance as at January 1			
Purchase price	277,694	20,865	298,559
Accumulated amortisation	-97,007	-20,865	-117,872
Carrying amount	180,687	-	180,687
<hr/>			
Changes in book value			
Amortisation	-53,247	-	-53,247
Balance	-53,247	-	-53,247
<hr/>			
Balance as at December 31			
Purchase price	277,694	20,865	298,559
Accumulated amortisation	-150,254	-20,865	-171,119
Carrying amount	127,440	-	127,440

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

EXPLANATION OF THE BALANCE SHEET (CONT.)

	31 December 2022	31 December 2021	
	€	€	
<hr/>			
2. Tangible fixed assets			
Balance as at 31/12			
Renovation	12,370	68,529	
Other fixed operating assets	21,226	31,520	
<hr/>			
	33,596	100,049	
<hr/>			
Movement in tangible fixed assets	Renovation	Other fixed operating assets	Total
Balance as at 1 January			
Purchase price	1,005,430	604,036	1,609,466
Accumulated depreciation	-936,901	-572,516	-1,509,417
Carrying amount	68,529	31,520	100,049
<hr/>			
Changes in book value			
Investments *	-	8,030	8,030
Depreciation	-56,159	-18,324	-74,483
Balance	-56,159	-10,294	-66,453
<hr/>			
Balance as at 31 December			
Purchase price	1,005,430	612,066	1,617,496
Accumulated depreciation	-993,060	-590,840	-1,583,900
Carrying amount	12,370	21,226	33,596

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

EXPLANATION OF THE BALANCE SHEET (CONT.)

	31 December2022	31 December 2021
	€	€
3. Financial fixed assets		
Balance January 1	384,320	376,784
Interest	7,686	7,536
Balance 31 December	392,006	384,320

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

4. Receivables from related entities

Stichting Ondersteuning Vredeswerk	97,489	71,527
Fundation Pax Colombia	86,783	31,675
Balance 31 December	184,272	103,202

5. Receivables from donors

Dutch Embassy Juba - Action Plan for Peace	-	78,456
Bureau of Democracy, Human Rights and Labor	703,573	915,065
Other receivables from donors	1,576,805	1,730,660
Balance 31 December	2,280,378	2,724,182

6. Other receivables and prepayments

Prepaid salaries and pension contributions	-	38,895
Amnesty International alliance partner	-	111,699
Receivables partnercommitments	183,905	54,243
Other receivables and prepayments	238,763	145,837

Balance 31 December	422,668	350,674
---------------------	---------	---------

7. Cash and Cash equivalents

Deposits	2,109,698	1,761,660
Credit balances on Dutch bank accounts	3,473,527	4,741,338
Credit balances on foreign bank accounts	39,993	26,432
Cash balances	55,297	48,354

Balance 31 December	5,678,515	6,577,784
---------------------	-----------	-----------

EXPLANATION OF THE BALANCE SHEET (CONT.)

	31 December2022	31 December 2021
	€	€
8. Continuity reserve		
Balance 1 January	1,647,584	2,330,625
Abstraction on continuity reserve	227,486-	-683,041
Balance 31 December	1,420,098	1,647,584

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 €1.7 million. The required level fits the actual size of the continuity reserve as per the balance date, taking into account the guarantee issued by Vereniging Pax Christi of €1,160,000. The continuity reserve is lower than the maximum standard of 1.5 times the annual costs of the work organisation, that is €15,986,000, which is considered acceptable by the guideline of Goede Doelen Nederland.

EXPLANATION OF THE BALANCE SHEET (CONT.)

	31 December2022	31 December 2021
	€	€
9. Earmarked reserves		
Balance 1 January	199,208	148,208
Addition to earmarked reserve	500,000	125,000
Abstraction on earmarked reserve	199,208-	74,000-
Balance 31 December	500,000	199,208

	31 December2021	Additions	Abstractions	31 December 2022
	€	€	€	€
Earmarked reserve formed to cover deficits on current projects	74,208		74,208-	-
Earmarked reserve to cover costs of organisational development	125,000	500,000	125,000 -	500,000
	199,208	500,000	199,208-	500,000

The funds that were formed in earlier years were released. We received a one-off unrestricted contribution of €500,000 from the Postcode Lottery. This sum was added to the earmarked reserve to cover the costs of organisational development. This earmarked reserve has the following purposes: to finance the refinement of the strategic direction and the developments in the Netherlands Programme and programmes in Europe to reflect the new geopolitical situation; to invest in the diversification of funds (including the development of the PAX Impact Fund) and strengthening the internal organisation, including investments in essential systems (such as a program management system).

EXPLANATION OF THE BALANCE SHEET (CONT.)

	31 December 2022	31 December 2021		
	€	€		
10. Earmarked funds				
Balance 1 January	82,093	24,909		
Addition to earmarked fund	93,748	93,387		
Abstraction on earmarked fund	57,184-	36,203-		
Balance 31 December	118,657	82,093		
	31 December 2021	Additions	Abstractions	31 December 2022
	€	€	€	€
Earmarked donations from individuals for Humanitarian Disarmament.	24,909	40,850	-	65,759
Earmarked donations from individuals for Ukraine.		52,898		52,898
Earmarked legacy for Palestine.	57,184	-	57,184-	-
	82,093	93,748	57,184-	118,657
The fund available for the legacy has been spent in 2022. All other funds will be spent in 2023.				
11. Long term liabilities				
Partner commitments		49,152		295,107
Balance 31 December		49,152		295,107
12. Grants received in advance				
Ministry of Foreign Affairs regarding SP Strengthening Civil Courage		71,304		814,918
Ministry of Foreign Affairs regarding SP Women, Peace and Security		184,104		18,859
Dutch Embassy Juba - Action Plan for Peace		643,172		-
Ministry of Foreign Affairs other subsidy commitments		2,329,591		2,163,244
Payment obligation allotted grants		734,995		403,399
Balance 31 December		3,963,166		3,400,420
13. Partner commitments				
Partner commitments		1,018,894		2,837,472
Balance 31 December		1,018,894		2,837,472

EXPLANATION OF THE BALANCE SHEET (CONT.)

	31 December 2022 €	31 December 2021 €
Overview of the partner commitments		
Balance as at 1 January	3,046,661	2,884,654
Contracted	3,888,932	5,805,942
Release commitments	574,859-	579,860-
Payments	5,611,556-	5,076,745-
Other mutations	15,711	12,670
Balance as at 31 December	764,889	3,046,661
Receivables from (commitments to) related entities included	86,783	31,675
Other receivables included	216,374	54,243
Partner commitments	1,068,046	3,132,579
Long term liabilities	49,152	295,107
Short term liabilities	1,018,894	2,837,472
Balance 31 December	1,068,046	3,132,579
14. Other liabilities *)		
Payroll taxes and social security contribution	183,909	598,775
Reservation for leave days and holiday allowance	591,860	571,536
Payable salaries and pension contributions	209,703	12,175
ABAAD alliance partner	463,358	-
Commitments to related entities IKV and Pax Christi	6,466	2,728
Other debts, accruals and deferred income	181,897	166,045
*) no other liabilities due after more than one year.		
Balance 31 December	1,637,193	1,351,259

3.6 Off-Balance Sheet Assets and Liabilities

ENTITLEMENTS ARISING FROM DEEDS OF GIFTS

The following amounts were established by means of a notarial deed and/or mutual agreement with the donors as at 31/12/2022.

	2023		2024		2025		2026		2027		>5 years
€	45,503	€	39,032	€	35,361	€	27,757	€	20,562	€	57,576

GUARANTEES

PAX has contractually agreed on a bank guarantee of €82,447.

COMMITMENTS	<1 year		1 – 5 years		>5 years
Lease of equipment	€	21,330	€	60,925	€ -
Office rent	€	371,560	€	1,293,927	€ -
Service contracts	€	14,982	€	25,673	€ -

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 2022 annual of the conditions of PAX at the end of the financial year or thereafter.

3.7 Explanation of the income and expenses account

	Actual 2022 €	Budget 2022 €	Actual 2021 €
15. Income from individuals			
Donations	611,674	650,000	500,398
Legacies	102,438	50,000	96,422
	714,112	700,000	596,820
16. Income from companies			
Donations and charity discounts	-	-	916
	-	-	916
17. Income from lottery organisations			
National Postcode Lottery: regular contribution	500,000	500,000	500,000
National Postcode Lottery: one off additional contribution	500,000		
National Postcode Lottery: Truth & Justice for victims in Colombia	102,295	122,033	523,736
National Postcode Lottery: project Story of the Refugee	12,914		2,169
	1,115,209	622,033	1,025,905
18. Grants from governments			
Ministry of Foreign Affairs regarding SP Dialogue and Dissent	-	-	190,747
Idem, regarding SP Strengthening Civil Courage (PoV)	8,297,675	8,765,044	7,259,887
Idem, regarding SP AL-thara untha -The Revolution is Female (WPS)	328,515	356,731	337,020
Dutch Embassy Juba - Action Plan for Peace	28,371	-	617,144
Dutch Embassy Serajevo - PMC	35,028		55,272
Other Dutch Government	3,702,154	4,740,348	3,787,259
Foreign Governments	1,212,740	2,323,351	2,664,544
	13,604,483	16,185,474	14,911,874
The Strategic Partnership on Strengthening Civil Courage allocated an amount totaling €57,024,708 for the Alliance for the period 2021 through 2025. This grant is part of a strategic partnership under Power of Voices partnership fund. The Strategic Partnership regarding Women, Peace and Security (WPS) runs for the period 2023 through 2025 as well. For the PMC project the income and expenditures were: €6,000 (2020), €55,272 (2021) and €35,028 (2022). Total €96,300. The grants included in the item "Other Dutch Governments" mainly consist of three projects ending in 2023. It concerns the projects "Protection of Civilians", Freedom of religion and belief in Iraq, Lebanon and occupied Palestinian territories" and "Madaniyya".			
19. Funding from other non-profit organisations			
Income from related entities	94,623	95,000	101,820
Joseph Rowntree Charitable Trust	71,669		54,937
V-Fonds	35,000		
Other endowment funds	353,818	710,000	392,044
Other NGO organisations	1,424,755	750,000	776,225
	1,979,865	1,555,000	1,325,026

EXPLANATION OF THE INCOME AND EXPENSES ACCOUNT (CONT.)

20. Expenses on the objective

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

	Direct costs 2022 €	Release commitm. 2022 €	Indirect costs 2022 €	Actual 2022 €	Budget 2022 €	Actual 2021 €
Programme costs						
Inclusive peacebuilding	9,566,172	-496,916	1,620,674	10,689,931	11,302,317	11,972,530
Humanitarian Disarmament	870,759	-	327,242	1,198,001	1,508,193	1,367,703
Business, Conflict and Human rights	592,755	-10,790	137,480	719,446	1,278,302	691,549
Protection of Civilians	2,018,398	-67,036	389,042	2,340,404	2,604,102	2,228,857
	13,048,084	-574,741	2,474,438	14,946,782	16,691,914	16,260,639

Details are shown in Table Itemisation of expenses.

Percentages spent

Sum of expenses	17,326,503	19,007,507	18,421,241
Percentage spent on objective in relation to sum of expenses	86,3%	87,8%	88,3%

21. Fundraising

Cost of fundraising, as percentage of total income	4,8%	5,6%	4,9%
--	------	------	------

22. Management and administration

Management and adm. costs, as percentage of total income	8,8%	6,5%	6,8%
--	------	------	------

	Actual 2022 €	Budget 2022 €	Actual 2021 €
23. Financial gain/(loss)			
Interest income	138		-
Interest expenses	-44,268	-55,000	-60,032
Payment charges	-738		-1,648
Exchange differences	59,886		39,987
Interest loan (agio)	7,686		7,536
	22,704	-55,000	-14,157

24. Appropriation of result

On May 22, 2023 the Supervisory Board of PAX Foundation discussed the annual report and the financial statements 2022. In accordance with article 19.4 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 May 2023 are E.J.D. Nazarski, T.L.C.M. Groot, E.J. Kant, F. Karimi, D. Naumovska and J.E. Nijman.

The articles of association provide guidance about the appropriation of the result in stating that the foundation shall not keep more reserves than reasonably necessary for its continuity, as determined by the Managing Director. Article 4.2: “De stichting houdt niet meer vermogen aan dan redelijkerwijs nodig is voor de continuïteit van de voorziene werkzaamheden ten behoeve van haar doelstelling.”

PERSONNEL COSTS.

	Actual 2022	Actual 2021
Specification of personnel cost		
Gross salaries	5,528,703	5,717,000
Social security contributions	999,276	1,008,000
Pension	567,489	598,000
	7,095,468	7,323,000
Other personnel cost	2,060,604	1,219,000
Total personnel cost	9,156,072	8,542,000

Explanation of changes

Change in personnel cost	-227,532
Change in other personnel cost	841,604
Total change in personnel cost	614,072

	Actual 2022	Actual 2021
Employees (in FTE)		
Average # of FTEs in the Netherlands	83,9	91,5
Number of FTEs at the end of the year in the Netherlands	88,0	83,1
Average # of FTEs in other countries	13,1	13,3
Number of FTEs at the end of the year in other countries	15,0	14,0
Average # of FTEs Total	97,0	104,8
Number of FTEs at the end of the year Total	103,0	97,1
Change in number of FTEs at the end of the year in the Netherlands	4,9	-18,9
Change in number of FTEs at the end of the year in other countries	1,0	-
Total change in FTEs at the end of the year	5,9	-18,9

Salary costs fell as a result of the decrease in the number of FTE's. This was partly the result of unfilled vacancies; As a result, the costs of hiring staff rose. This is reflected in the increase in other personnel costs. With effect from 1 July 2022, the salary amounts have been increased by 2.5% and subsequently increased by €75. The collective increase in salaries is based on the CAO PKN.

Appendix 1

REMUNERATION OF SENIOR EXECUTIVES (FORMAT GOEDE DOELEN NEDERLAND)

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

NAME Position	A. TIMMERMAN General Director	M. STRUYK Director	A.M. VAN NES Director	M.M. VAN DOODEWAARD Interim Director	A.J.M. DE JONG Interim Director
Nature of employment	indefinit	indefinit	indefinit	definit	contract
Hours	36	36	36	32	27
Parttime percentage (1 FTE = 36 hours)	100	100	100	89	75
Period	01.01-31.10	01.01-31.12	01.09-31.12	01.01-31.12	01.01-31.08
Remuneration (EUR)					
Gross salary	75,603	76,315	27,400	66,189	127,421
Holiday allowance	10,282	6,291	-	4,671	-
Year-end allowance	-	-	2,274	5,494	-
Variable annual income	360	450	450	400	
Total annual income	86,245	83,056	30,124	76,754	127,421
					VAT included
Pension costs	10,763	10,536	4,184	9,833	-
Total 2022	97,008	93,592	34,308	86,587	127,421
Total 2021	111,252	101,465	-	-	39,327

The annual income of the individual members of the Executive Board (employed) remains within the allowed calculated maximum of EUR 103,470 (A. Timmerman), EUR 111,463 (M. Struyk), EUR 37,121 A.M. van Nes and EUR 111,364 (M.M. van Doodewaard) according to the 'Regeling belonging directeuren van goededoelenorganisaties'. The annual income, the taxed allowances/additions, the pension costs, the pension compensation and the other long-term benefits together also remain within the maximum of EUR 216,000 per year included in the Regeling. For an explanation of the policy and the principles for the management remuneration, please refer to section 1.5 of the management report.

Explanation:

In 2022, the total remuneration was higher due to the departure of the Director of Organization on 1/11/2021 and the long-term illness of the Director of Programs. This made it necessary to arrange a temporary replacement.

Appendix 2

WNT-ACCOUNTABILITY 2022 STICHTING VREDESBEWEGING PAX NEDERLAND

The WNT is applicable for Stichting Vredesbeweging Pax Nederland. The applicable maximum remuneration for 2022 is €216,000 (general salary ceiling).

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

AMOUNTS X € 1 Position	A. TIMMERMAN General Director	M. STRUYK Director	A.M. VAN NES Director	M.M. VAN DOODEWAARD Interim Director
Duration of position in 2022	01.01-14.09	01.01-31.12	01.09-31.12	01.01-31.12
Size of employment (in FTE)	1,0	1,0	1,0	0,85
Contracted employment	Yes	Yes	Yes	Yes
Remuneration 2022				
Remuneration plus taxable expenses	€ 73,670	€ 83,056	€ 30,124	€ 76,754
Rewards affordable over time	€ 9,113	€ 10,536	€ 4,184	€ 9,833
Subtotal	€ 82,782	€ 93,592	€ 34,308	€ 86,587
Applicable maximum	€ 152,088	€ 216,000	€ 72,197	€ 183,600
-/- Unduly paid and not yet refunded amount	n.a.	n.a.	n.a.	n.a.
Total remuneration	€ 82,782	€ 93,592	€ 34,308	€ 86,587
The amount of the overrun and the reason why the overrun is allowed or not	n.a.	n.a.	n.a.	n.a.
Explanation of the claim for undue payment	n.a.	n.a.	n.a.	n.a.
Remuneration 2021				
Duration of position in 2021	01.01-31.12	01.01-31.12		
Size of employment (in FTE)	1,0	1,0		
Contracted employment	Yes	Yes		
Remuneration plus taxable expenses	€ 98,690	€ 90,117		
Rewards affordable over time	€ 12,562	€ 11,348		
Subtotal	€ 111,252	€ 101,465		
Applicable maximum	€ 209,000	€ 209,000		
Total remuneration 2021	€ 111,252	€ 101,465		

Appendix 2 (CONT.)

Table 1b. Senior executives contracted on an interim basis

Amounts x € 1	A.J.M. DE JONG	A.J.M. DE JONG
Position	Interim Director	Interim Director
Year	2022	2021
Duration of position	01.01-31.08	18.10-31.12
Number of months	8	3
Size of employment in hours	954	286
Applicable maximum		
Maximum hourly rate	€ 206	€ 199
Maximum based on the standard amounts per month	€ 194,300	€ 83,100
Applicable maximum entire period		€ 253,438
Remuneration excluding VAT		
Actual hourly rate lower than the maximum hourly rate?	Yes	Yes
Remuneration	€ 105,125	€ 32,175
Total remuneration entire period.		€ 137,300
-/- Unduly paid and not yet refunded amount	n.a.	n.a.
Total remuneration excluding VAT		€ 137,300
The amount of the overrun and the reason why the overrun is allowed or not	n.a.	n.a.
Explanation of the claim for undue payment	n.a.	n.a.

Table 1d. Senior executives with remuneration of €1,800 or less.

Senior executives including those who can be classified as senior executives for another four years based on their former position with a remuneration of € 1,800 or less.

DATA 2022

Name	Position
T.L.C.M. Groot	member of the Supervisory Board
J.E. Nijman	member of the Supervisory Board
F. Karimi	member of the Supervisory Board
E.J.D. Nazarski	chair of the Supervisory Board
E.J. Kant	member of the Supervisory Board
D. Naumovska	member of the Supervisory Board

Supervisory board members do not receive remuneration.

Appendix 2 (CONT.)

Table 2. End-of-employment benefits of senior executives

End-of employment benefits to senior executives with or without an employment contract including those who can be classified as senior executives for another four years based on their former position.

DATA 2022

Amounts x € 1	A. TIMMERMAN
Position	
Position end of employment	General Director
Size of employment (in FTE)	1,0
Year in which the employment has ended	2022
End-of-employment benefits	
Agreed end-of-employment benefits	€ 14,225
Applicable maximum	€ 75,000
Unduly paid and not yet refunded amount	n.a.
The amount of the overrun and the reason why the overrun is allowed or not	n.a.
Explanation of the claim for undue payment	n.a.

An end of employment benefit is not applicable. This is the remuneration from the 15th of September till the 31st of October in which the senior executive - participating on the termination of the employment-hasn't fulfilled any tasks. However under article 2.10, third paragraph, WNT this is considered as an end of employment benefit.

3.Other reporting obligations WNT

In addition to the above listed senior executives, there are no other staff members contracted in 2022 who received a remuneration higher than the individual applicable maximum threshold amount.

Appendix 3

TABLE ITEMISATION OF EXPENSES IN €

EXPENSES	EXPENSES ON THE OBJECTIVE				FUNDRAISING	M & A COST			
	Inclusive peacebuilding	Humanitarian Disarmament	Business Conflict & Human Rights	Protection of Civillians	Fundraising	Management & Administration	Total 2022	Budget 2022	Total 2021
a Grants and contributions	2,942,599	11,132	213,400	161,971			3,329,102	3,992,784	5,233,756
b Procurement	1,367,843	93,175	26,499	586,936			2,074,453	3,777,452	1,428,555
c Outsourcing	675,281	101,409	64,114	265,904			1,106,708	800,261	1,120,717
d Publicity and promotion	104,004	21,000	8,823	24,966	136,475	24,045	319,313	291,000	409,906
e Staff expenses	4,972,723	844,586	353,382	1,150,000	626,647	1,208,734	9,156,072	8,662,858	8,541,183
f Housing expenses	248,856	50,248	21,110	59,738	30,408	57,535	467,895	436,500	807,727
g Office and general expenses	312,831	63,166	26,537	75,095	38,225	233,402	749,256	880,918	627,241
h Depreciation	65,794	13,285	5,581	15,794	8,039	15,211	123,704	165,734	252,158
	10,689,931	1,198,001	719,446	2,340,404	839,794	1,538,927	17,326,503	19,007,507	18,421,241
Total	61,7%	6,9%	4,2%	13,5%	4,8%	8,9%			

Explanation of to expenses and distribution:

- a Commitments to partner organisations with whom we work when carrying out projects
- b Direct program costs, i.e. purchasing, hiring, travel and accommodation expenses
- c Hiring specialists for research and reporting
- d The Publicity and promotion costs include information costs to the amount of € 182,838
- e-h The total cost of the organisation is based on the actually realised personnel costs in 2022, allocated to the above mentioned TOCs (direct) and cost types (indirect)

Appendix 4

FORMAT FOR THE FINANCIAL REPORT ON THE NATIONAL CAMPAIGN AND FORMAT FOR THE FINANCIAL STATEMENTS
For participants and guest participants



ANNEX 1

	Financial Year 2022	Up to and incl. Financial Year 2022
Income		
Income from third-party campaigns	982,664	982,664
Interest income		
Total income	982,664	982,664
Costs of preparation and coordination (overhead expenses allowance)		
Overhead expenses allowance	28,708	28,708
Total available for aid activities	953,956	953,956
Expenses		
Overview of local expenditure		
• Local expenditure by the executive organisation	323,621	323,621
• Local expenditure by the international umbrella organisation		
• Local expenditure by the participant itself	57,786	57,786
Total expenditure	381,407	381,407

APPROVAL OF THE FINANCIAL REPORT AND APPROPRIATION OF RESULT

Date: 22 May 2023

Supervisory Board

Eduard Nazaraski

Tom Groot

Elise Kant

Farah Karimi

Dushica Naumovska

Janne Nijman

Board of Directors

Rolien Sasse

Martje van Nes

4. Other Information

4.1 Branches

In 2022, PAX maintained branch offices in Juba (South Sudan) and Erbil (Iraq). Besides these offices and the main office in Utrecht (the Netherlands), we have also staff based in Beirut (Lebanon), Brussels (Belgium) and New York City (USA). A separate legal entity, PAX Colombia, is based in Bogota (Colombia).

4.2 Independent Auditor's Report

Independent auditor's report

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

Report on the audit of the financial statements 2022 included in the annual report

Our opinion

We have audited the financial statements 2022 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 2022, and of its result for 2022 in accordance with the Guideline for annual reporting 650 "Fundraising organisations" of the Dutch Accounting Standards Board and the requirements of the Wet Normering Topinkomens (WNT).

The financial statements comprise:

1. the balance sheet as at 31 December 2022;
2. the statement of income and expenses for the year 2022; and
3. the notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing and the 'Controleprotocol WNT 2022'. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

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

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

Unaudited compliance with the anti-cumulation clause in the WNT

In accordance with the 'Controleprotocol WNT 2022' (Audit instructions WNT 2022) we did not audit the anti-cumulation clause referred to in Section 1.6a of the WNT and Section 5, subsection 1, parts n and o of the 'Uitvoeringsregeling WNT'. Consequently, we did not verify whether or not the maximum salary norm has been exceeded by a 'leidinggevende topfunctionaris' (managing senior official) due to possible employment at other institutions subject to the WNT, and whether the WNT-disclosure as required in relation to this clause is accurate and complete.

Report on the other information included in the annual report

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

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

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

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

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

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

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

Description of responsibilities regarding the financial statements

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

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

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

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

Our responsibilities for the audit of the financial statements

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

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

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements, independence requirements and the 'Controleprotocol WNT 2022'.

Our audit included e.g.:

- identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the executive board;
- concluding on the appropriateness of the executive board use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause an organization to cease to continue as a going concern;
- evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Rotterdam, 31 May 2023

Mazars N.V.

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



Sint Jacobsstraat 12
3511 BS Utrecht
The Netherlands

www.paxforpeace.nl
info@paxforpeace.nl
+31 (0)30 233 33 46

P.O. Box 19318
3501 DH Utrecht
The Netherlands

