

Solidaridad

ANNUAL REPORT 2021

Stichting Solidaridad Network



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MESSAGE FROM THE SUPERVISORY BOARD

2021 was another year of challenges and another year of tremendous achievements. I am once again amazed at the perseverance and dedication of the smallholder producers that we work with around the globe. And my heartfelt gratitude goes out to the Solidaridad staff: a diverse and multicultural team of talented professionals, full of ambition, and reflecting the strength of our network.

Within all this diversity, there is so much that binds us together. We have one shared agenda, strategy and branding. With strong interconnectedness we achieve results, learn and progress. And we work every day with our values, deeply rooted in our DNA: solidarity, solutions-orientedness, impact-driven, interdependence, innovation, inclusivity, and integrity. These values are the foundation of our work and have undoubtedly contributed to our impressive results over 2021.



As we take stock of the progress and milestones from this past year, we can be certain that we're on the right path towards the bold impact outlined in our 2021-2025 multi annual strategic plan, our vision of a more fair and sustainable supply chain, and an economy that works for all.

On behalf of the members of the International Supervisory Board,

A handwritten signature in black ink, appearing to read 'Mariam Dao Gabala', enclosed within a simple oval outline.

Mariam Dao Gabala,
June 20, 2022

MESSAGE FROM THE EXECUTIVE DIRECTOR

At Solidaridad, we are committed to playing our part in breaking down barriers and amplifying voices that have been historically excluded and underrepresented. At the heart of our global economy are the small producers – the smallholder farmers, artisanal miners, factory workers and small-scale entrepreneurs. Achieving sustainability on a global level utterly depends on the full inclusion and participation of these producers to build their businesses, support their families, strengthen their communities and claim their dues in the global economy.



The speed of disruptive change in our society is a demanding challenge for any organization. Accelerated climate change, two years of Covid, followed by major global disruptions since the Ukraine crisis can create a sense of disintegration, motivational problems and invisibility. And, it creates a sense of urgency. The need for sustainability and fairness only grows more acute with each new change. In 2021, we pulled together as a network to harness our shared desire to 'be the change we wish to see.'

Solidaridad Network is one organization, one brand, one vision and strategy. Its strength is its commitment to locally grown and relevant leadership and expertise, and a shared culture of global sharing and collaboration. This concept of 'glocality' – global policy setting linking regional programming to sectoral and structural changes in the world economy – is the foundation of the transformative power of our network organization.

Within each region are compelling stories of change, innovation, and hard work being accomplished. Gender, social inclusion, digital solutions, climate-smart practices and food security are important and relevant themes of our multi-annual strategic plan 2021-2025. One year into this plan, the pace has been set for transformative change and we are steps closer to an economy that works for all.

Jeroen Douglas,

A handwritten signature in blue ink, consisting of stylized, overlapping loops and lines.

Executive Director of Solidaridad Network

June 20, 2022

OUR MISSION, VISION AND OBJECTIVES

Solidaridad is an international civil society organization with over 50 years of experience in developing solutions to make communities more resilient — from our early roots supporting repressed communities in Latin America to our current work fostering more sustainable supply chains. We currently work in over 40 countries, on five continents, through eight independently supervised regional offices.

International cooperation with people throughout the value chain is at the heart of our work, with a focus on small scale and family farmers, and workers on farms, in mines, and in supply chains and their communities.

We envision a world in which the economy works for all: where all we produce, and all we consume, can sustain us while respecting the planet, each other and the generations to come.

We enable farmers and workers to earn a living income, shape their own future, and produce in balance with nature by working throughout the whole supply chain to make sustainability the norm.

We're reclaiming sustainability in its essence: power to the people (inclusivity), respect for the planet (producing in balance with nature) and a fair share for everyone in the chain (prosperity). That's the true meaning of sustainability for Solidaridad. Supply chains cannot be sustainable if we don't take all these aspects into account.

Although we work in more than 40 countries with 8 independently supervised regional officers, we share a commitment to a common set of values:

- Solidarity: we are faithful to the name of our organization in a deeply rooted solidarity with smallholder farmers, workers, and producers
- Solutions: we are pragmatic problems solvers
- Impact: we are impact-driven and fully committed to achieve change that matters
- Interdependence: we are dependent on each other and on the planet, so we need to collaborate
- Innovation: we believe continuous learning and development adds value and leads to positive change
- Inclusivity: we believe everyone has the potential to contribute and the right to be heard
- Integrity: we adhere to the highest ethical principles and professional standards

The Solidaridad network structure was built on the idea that meaningful change grows from within communities, and a collaborative work environment based on the exchange and debate of different ideas and perspectives will create the most innovative solutions. Diversity and representation of many different perspectives and identities is not just nice to have; it is essential to the mission of reclaiming sustainability.

Inclusion is prioritized at all levels of work within Solidaridad; from programming that promotes gender equality in historically male-dominated sectors such as gold or palm oil, to leadership within our Senior and Board level positions. A strong integrity structure supports open and honest dialogue and secure pathways for reporting and addressing issues.

All this makes up the core of what Solidaridad stands for: equity. Creating a more fair and equitable supply chain starts from our working culture and permeates through our programmes, communications and partnerships.

OUR ORGANISATION

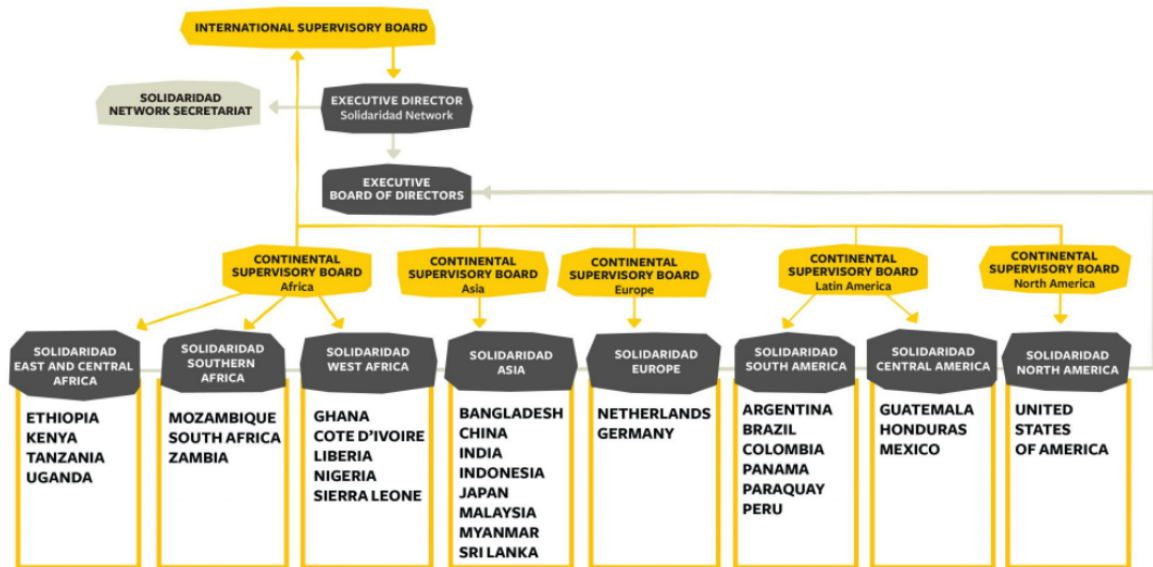
This management report provides information on the global level, it covers all entities within our network. The financial statements cover one entity; the coordinating entity "Stichting Solidaridad Network" which coordinates and provides services to all the other Solidaridad entities.

Solidaridad is an international network organization with offices across the globe. The interconnected network places a focus on decentralized responsibility and implementation by regional teams. Local knowledge, experience and vision are guiding principles. The network's connectedness is fostered by a global vision, strategy, programming, communication and internal quality-control systems. Each part of the network contributes to the whole.

The premise of the structure is that it promotes capacity building: strengthening Solidaridad teams in the region, enabling them to take control of supervisory tasks and to manage programming themselves. The regional Solidaridad teams cooperate with their own partners on the planning, implementation, communication and evaluation of programmes, and on reporting their results.

The Solidaridad Network consists of eight regional expertise centres located in Asia, Southern Africa, East and Central Africa, West Africa, South America, Central America, North America, and Europe - each with their own specific expertise and focus. Solidaridad's programmes are developed and implemented by the regional centres, each of which is locally registered and has a local legal structure, and which:

- are connected to the supervisory bodies of Solidaridad Network and the Executive Board, thereby contributing to the network strategy;
- manage interaction between the regional centre and the country offices;
- are responsible for the development, implementation, reporting and evaluation of the programmes in their respective regions, taking the network's quality standards and systems into account;
- are responsible for regional fundraising, thereby contributing to the network budget;
- employ local staff; and
- are responsible for appropriate financial management and supervision, including the auditing of financial statements by an independent auditor.



The overview above shows the eight management regions and the countries in which Solidaridad has legal seats. The yellow boxes represent the five Continental Supervisory Boards plus the International Supervisory Board. Stichting Solidaridad Network is the light grey entity, represented by the Executive Director of Solidaridad, Jeroen Douglas who is leading the Executive Board of Directors, consisting of the Managing Directors of the eight regions.

SUPERVISION

The eight regional expertise centres are supervised by five Continental Supervisory Boards (CSBs). The CSBs consist of leaders in business, civil society organizations or academic institutions from each continent: North America, South America, Africa, Asia and Europe. Each of these continental organizations is connected with Solidaridad Network Foundation in Utrecht, the Netherlands, through the delegation of supervisory board members to the International Supervisory Board (ISB), thus creating a global network.

The International Supervisory Board (ISB) is the highest level of international oversight within Solidaridad Network. The ISB monitors policies, the quality of programmes, financial control of the Solidaridad Network and the performance of the Executive Board of Directors (EBoD).

The members of the ISB are:

Name	Country	Position	Start of term	End of term	Representing
Mariam Gabala Epse Dao	Ivory Coast	Chair	18 December 2018	17 December 2022	CSB Africa
		Chair	22 June 2015	17 December 2018	
		Member	18 December 2014	21 June 2015	
Roxana Barrantes	Peru	Member	11 July 2018	31 December 2021	CSB Latin America
			11 July 2014	10 July 2018	
Shamanin Zaman	Bangladesh	Member	21 June 2021	19 August 2024	CSB Asia
			19 January 2017	20 June 2021	
Kannan Pashupathy	United States	Member	10 November 2021	9 November 2025	CSB North America
			5 June 2019	9 November 2021	
			5 June 2014	4 June 2018	
Jan Karel Mak	The Netherlands	Member	1 January 2021	31 December 2024	CSB Europe
			10 December 2018	31 December 2022	

The members of the CSB Asia are:

Name	Country	Position
Shamanin Zaman	Bangladesh	Chair
Mumunusamy Subbramaniam (Mr. Subbu)	India	Member
Mahesh Haribhai Mehta	India	Member
Sato Kan Hiroshi	Japan	Member
Dr. Liang Xiaohui	China	Member

The members of the CSB Africa are:

Name	Country	Position
Mariam Gabala Epse Dao	Ivory Coast	Chair
Audrey Gadzepko	Ghana	Member
Kamau Kuria	Kenya	Member
Graham von Maltiz	South Africa	Member

The members of the CSB Latin America are:

Name	Country	Position
Roxana Barrantes	Peru	Chair
Roberto Ugaz	Peru	Member
Carolina da Costa	Brazil	Member
Bernardo Roehrs	Guatemala	Member

The members of the CSB North America are:

Name	Country	Position
Kanan Pashupatty	United States	Chair
Chris Wolz	United States	Member
Deborah Barry	Mexico	Member

The members of the CSB Europe are:

Name	Country	Position
Jan Karel Mak	The Netherlands	Chair
Carlos Alva Nieto	The Netherlands/Mexico	Member
Katrien Termeer	The Netherlands	Member
Claire Gentil	The Netherlands/France	Member
Martin Staehle	Germany	Member
Marion Kappeyne van de Coppello	The Netherlands	Member
Kajsa Johansson	Sweden	Member

Management

The Executive Board of Directors (EBoD) is the main policy-making body, ensuring coherence between international commodity strategies and regional programmes. The EBoD is also responsible for the overall implementation of the international policy and commodity strategy. It consists of the managing directors

from each regional expertise centre. The chair of the EBoD is the Executive Director of Solidaridad Network, Jeroen Douglas.

The members of the Solidaridad Executive Board of Directors in 2021 are: Shatadru Chattopadhyay (Solidaridad Asia), Isaac Gyamfi (Solidaridad West Africa), Rachel Wanyoike (Solidaridad East and Central Africa and Solidaridad Southern Africa), Gonzalo la Cruz (Solidaridad South America), Michaelyn Baur (Solidaridad Central America and Solidaridad North America) and Heske Verburg (Solidaridad Europe).

OUR ACTIVITIES IN 2021

In 2021, Solidaridad continued to offer support to team members around the globe grappling with ongoing Covid-related disruptions through flexible working environments, adjustments to travel and project timelines as required, and more. And, we worked hard to foster our sense of interconnectedness as a network. Many Town Hall meetings were organized and with the introduction of smarter information dashboards, another important step was taken towards engaging a data-driven and continuous learning dialogue with all Solidaridad regions. The information dashboards are based on aggregated network data on finance, human resource development, fundraising pipeline management, impact measurement and communication achievements. Both for interconnectedness and for learning, insights and actions based on management information are important to guide the network towards achieving the ambitions set in our multi annual strategy.

In 2021 we also saw our multi-annual strategic plan set sail at a rapid clip. Although disruptions and challenges remained, we, like much of the world, had learned to adapt to and navigate these turbulent times. With continued partnership and support from longtime champions of our cause, and the addition of new partners and relationships, we were able to achieve crucial milestones around the world.

When monitoring and reporting our results we distinguish according to our scope of influence: 1) outputs where Solidaridad has direct influence on the results and outcome level, where we monitor the effect of those results on the stakeholders we work with. And 2) we also monitor indirect results where we have contributed but cannot claim sole responsibility for the change.

The training and support provided by Solidaridad to over 1.2 million farmers, more than 736,000 workers, along with processors, governments and companies has translated to real improvements on the ground. A whopping 2.6 million ha have been brought under sustainable management, 27.7m tCo2e has been sequestered, and 629,000 farmers saw improved yields and income.

Our work in advocacy and market uptake also grew, with 9 new or improved mandatory sustainable frameworks put in place and 180 corporate partners testing solutions with us. We trained or supported 132 CSOs to participate in dialogues, and supported 436 processors and mines to improve their practices. We

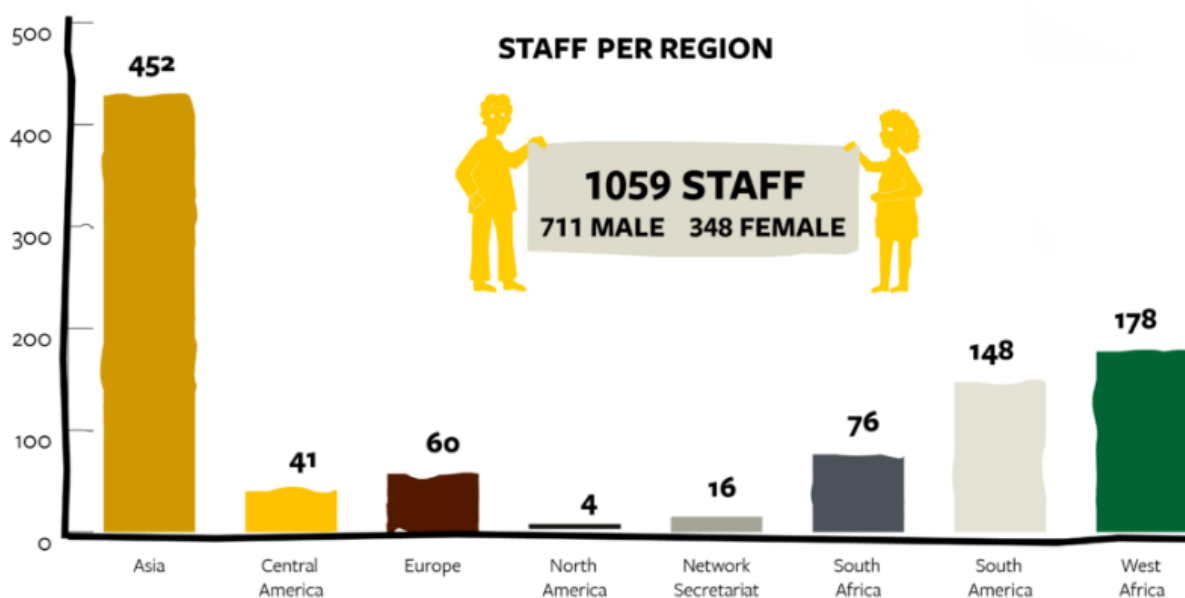
have also provided recommendations and influenced 75 private and public policies on sustainable consumption, production and trade. We trained 53 Civil society groups to enhance their involvement in decision-making.

And this is just the highest level look at the work we completed in 2021. On our website https://www.solidaridadnetwork.org/annual_report/global-2021/ a further read is provided of our activities and impact per region.

OUR PEOPLE IN 2021

In 2021, Solidaridad invested significantly in its global HR policies, particularly to maintain high levels of integrity and inclusivity. Integrity advisors were appointed in each region, an elaborate employee survey was carried out and more standardized HR policies for recruitment, job grading and promotion were set up.

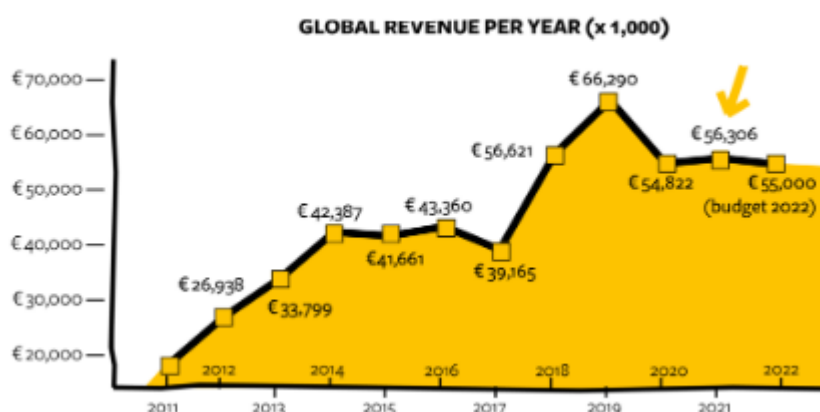
The backbone of all our work remains the Solidaridad staff. Their knowledge, experience, and expertise are key to our success. The overall staff of Solidaridad in 2021 has grown by 74 people from 985 by the end of 2020 to 1059 by the end of 2021. The percentage of female staff is 33%, slightly lower than in 2020 (34%) and the overall population is quite diverse. Both our international supervisory board and our executive board have a 50/50 ratio in gender and are dominated by representatives from the global south.



Note: staff includes all people who are on the payroll and all full time associated consultants.

OUR FINANCES IN 2021

The revenue of Solidaridad Network increased with € 1.5 million from € 54.8 million in 2020, to € 56.3 in 2021. Although the revenue increased against 2020, it stayed behind budget. The budgeted secured revenue was € 57.9 million; on top of that another € 14 million revenue was forecasted to be potentially received from our pipeline. These figures show that 2021 was yet another year that was influenced by the difficult circumstances around the Covid-19 virus. The pipeline is expected to pick up again, although at a slower pace than before the Covid pandemic.



From the total revenue of € 56.3 million in 2021, € 33.2 million (59%) was generated by Solidaridad Europe (2020: 63%). The three regional offices on the African continent generated € 12.4 million (22%) (2021: 24%) and Solidaridad Asia generated € 5.7 million (10%) (2020: 8%). The Americas generated another € 5 million (9%) (2020: 5%).

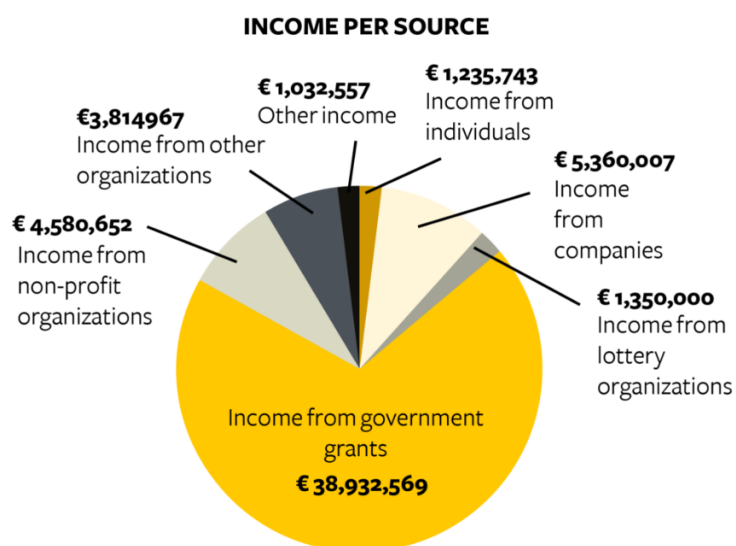
Aggregated Income 2021 Solidaridad Network

in € 1.000		2021	2021	2020
INCOME		actual	budget	actual
Solidaridad South America		3,834	1,243	1,827
Solidaridad Central America		856	486	589
Solidaridad West Africa		8,370	8,018	11,068
Solidaridad South Africa		519	600	595
Solidaridad East & Central Africa		3,511	4,619	1,787
Solidaridad Asia		5,713	7,958	4,527
Solidaridad Europe		33,206	34,385	34,369
Solidaridad North America		298	621	328
Estimated income in pipeline			13,952	0
TOTAL INCOME		56,306	71,882	55,090

The total revenue in 2021 came from the following sources:

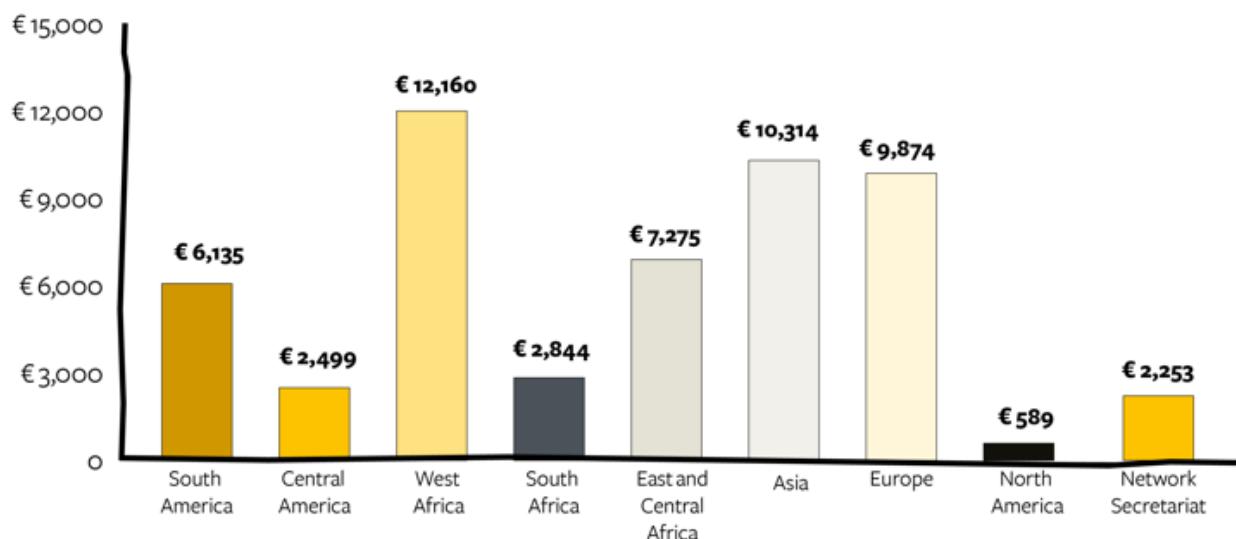
<i>in € 1.000</i>	2021	2020
Income from individuals	1,236	1,045
Income from Companies	5,360	4,109
Income from Lottery Organisations	1,350	1,546
Income from Government Grants	38,933	37,706
Income from non-profit Organisations	4,580	9,881
Income from other Organisations	3,815	283
Other Income	1,032	520
Total Direct income	56,306	55,090

In 2021 the level of income from government grants remained more or less equal (69% in 2021 versus 68% in 2020). The government of the Netherlands is the biggest contributor.

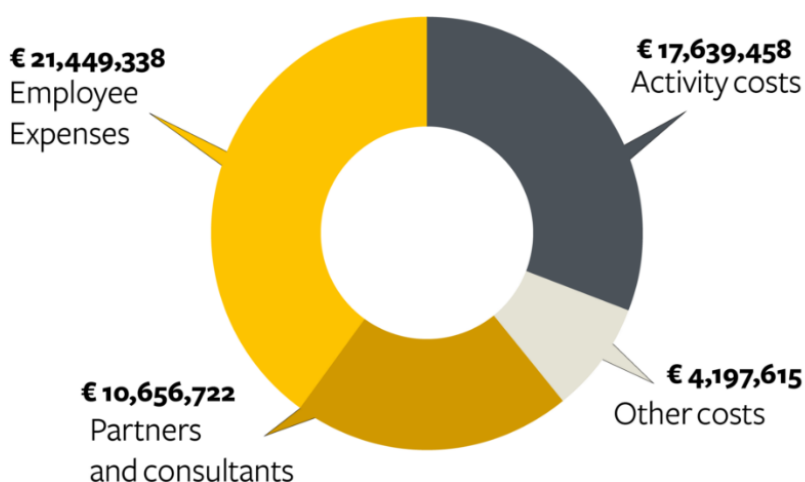


Expenditure in 2021

The total expenditure that was invested in the own regions amounted to € 53.9 million (2020: € 50.8 million). This was spent for the largest part in Africa (41%), Asia (19%) and Europe (18%).



For the biggest part (40%), our expenses went to staff costs. Solidaridad's projects are mostly carried out by its own staff rather than by external partners and consultants. A third (33%) was spent on activity costs (2020: 36%). This contains travel and accommodation costs, as well as other costs such as training costs related to our programs, benchmarks, and other materials that are needed for the execution of programs in the field.



RISKS AND UNCERTAINTIES

Solidaridad works in a complex and very dynamic environment, where our activities result in exposure to risks. In this environment, we remain aware of both ever-changing opportunities for creating value and the challenges that will occur in pursuit of that value. Solidaridad is not expected to just realize its strategic plan objectives, but is expected to work with greater accountability, transparency and efficiency.

The impact of the covid-19 crisis on public life and industry in the world is also having an impact on Solidaridad Network. Although the impact on the financial performance in 2021 is certainly there, the regional entities have been able to confine it by taking measures such as restructuring funds and budgets. We constantly review and observe our business activities and take measures where possible.

In 2022, we aim to further deepen our risk management framework and review our risk appetite. Our aim in the coming years is to adopt an explicit risk management policy for handling and reducing the identified risks and developing mitigation measures (policies, procedures and control checks). Indeed, we are further developing our internal control systems; control systems that will be intended to manage appropriately rather than eliminate risks, and to give reasonable rather than absolute assurance.

Overview of our main risks

Risks	Influence on results or activities	Mitigating measures
Changes in government or government's interest/policies.	Activities can be put on hold until the new government is in place and is as interested in our programmes.	<ul style="list-style-type: none"> - Work closely with government authorities at different levels. - Engage with new authorities after elections.
National and/or regional-level political crises (Honduras, Nicaragua, Eastern Africa)	Reduced participation of essential stakeholders, cancelling of events, reduced access to communities.	<ul style="list-style-type: none"> - Focus on strengthening partner relationships. - Maintain neutrality.
Fluctuating market conditions (low international commodity prices) create instability and an undesirable investment climate.	International prices may affect economic income and imbalances in crop profitability.	<ul style="list-style-type: none"> - Strengthen messaging and proof of business case to engage in continuous improvement processes guided by voluntary standards. - Promote diversification

Reputational damage resulting from misconduct of grassroots partner organisations.	Budget losses or decreased activities	<ul style="list-style-type: none"> - Code of Good Conduct and Practices endorsed by all our partner organisations. - Solidaridad has internal guidelines for non disclosure agreements (NDAs) and memoranda of understanding (MoUs) with companies.
Grassroot civic partner organizations may phase limited capacity to apply an effective or extensive internal control system and risk management framework.	Budget losses or decreased activities	<ul style="list-style-type: none"> - Solidaridad aims to enhance preventive activities, and monitor the different improvement initiatives on internal control, especially with respect to the pace of implementation and strengthening of the first three lines of defences. - External audit; policies, protocols and guidance ("fourth line of defense") . - Further development of our strategic partnership building framework.
Network Organization - Decentralized structure	Disassociation or disconnection	<ul style="list-style-type: none"> - Circular and interdependent management and governance network structure. - Close cooperation, strong team ('we') culture
Limited IT infrastructure for successful quality management	Poor data does not inform project progress and impact of our work	<ul style="list-style-type: none"> - Strong Finance and PMEL teams in all the Network support programme monitoring at the regional level. - Project Cycle Management procedure is widely used across the Network, and with project partners for standardized procedures on monitoring and evaluation
Credit fund risks- Cash and cash equivalent at financial institutions	Budget losses or decreased activities	<ul style="list-style-type: none"> - Cash balances, whenever possible, are held with banks that have a satisfactory credit risk rating. (equivalent or above A-). - Main deposits are held in hard currencies.
Covid-19 pandemic and global health and economic crisis	<p>-Health impact on employees/partners/stakeholders</p> <p>-Discontinued or limited funding/Unpredictability</p>	<ul style="list-style-type: none"> - Local response and individual support, adopted to the needs of the local communities. - The global covid-19 management team and the global quality teams closely monitor the situation and are equipped to develop response mechanisms wherever is needed.

INTERNAL CONTROL

One way of managing risks and uncertainties is through the application of appropriate internal controls. Solidaridad Network commits to the principles of fairness and transparency for establishing an organizational culture that thrives on excellence, next to a robust organizational control and integrity strategy. All the independent financial statements of all the Network's organisations are audited externally, and outcomes are discussed with the management and the International or Continental Supervisory Board. As a learning organization, Solidaridad strives for continuous improvement and indeed some Solidaridad organisations are even certified to ISO 9001:2015. If something is not to anybody's satisfaction, Solidaridad would like to be informed about it. A complaints procedure is therefore part of our quality policy. The procedure can be requested by anybody by email or phone. And besides, we also refer to it in our contracts with all our employees and partners. The Solidaridad Code of Good Conduct and Practices is endorsed by almost everyone that has a contractual relationship with Solidaridad Network. There is also a protocol for inappropriate behavior, which includes procedures preventing undesirable behavior and procedures for involving internal or external counselors and the complaints procedure for employees. During 2018 Solidaridad set up policies throughout the network regarding Related Party Transactions and Ancillary Activities to increase its transparency. A whistleblower procedure has been in place as of 2017 and together with the Solidaridad Code of Good Conduct Code have been fully updated in the year 2020.

Enhancing transparency and accountability

In coming years, we aim to safeguard the implementation of our multi annual plan strategy (MASP III) by taking the steps below :

- Further define our global policy architecture, and build and implement effective internal control systems and strengthen our "second line of defence" . Safeguard our assets and funds, while ensuring that these assets and funds are used in furtherance of our strategic objectives.
- Develop a comprehensive risk management framework; identify our risks network- wide and manage these risks to enhance and sustain performance.
- Align risk management and control with our mandates and objectives, and their underlying functions and activities throughout the Network. Embed risk management in our decision-making process.
- Offer continuous support, training and strengthen oversight; provide the Network with a solid internal control framework (set of standards, processes, and structures).
- Encourage high levels of integrity in the workplace, while at the same time devise strategies to identify incidences of corruption or fraud and the corresponding disciplinary measures.

FINANCIAL STATEMENTS 2021 STICHTING SOLIDARIDAD NETWORK

(single, not consolidated)

BALANCE SHEET ON 31 DECEMBER 2021

(in Euros after allocation of surpluses)

Balance sheet				
	31-12-2021		31-12-2020	
ASSETS				
Tangible fixed assets	28,972		65,632	
Financial fixed assets	554,000		846,000	
		582,972		911,632
Receivables, prepayments and accrued income	2,701,089		2,029,013	
Cash and bank balances	398,756		957,166	
		3,099,844		2,986,179
Total assets		3,682,817		3,897,811
LIABILITIES				
Solidaridad General reserve	2,225,326		2,239,891	
Solidaridad Innovation reserve	406,000		1,050,000	
		2,631,326		3,289,891
Long-term debts	0		0	
Short-term debts	1,051,490		607,920	
		1,051,490		607,920
Total liabilities		3,682,817		3,897,811

INCOME AND EXPENDITURE STATEMENT 2021

(in Euros)

	2021 Actual	2021 Budget	2020 Actual
INCOME			
Income Solidaridad entities (related organisations)	2,819,276	2,310,780	4,866,144
Other Income	0	1,400,000	0
Total income	2,819,276	3,710,780	4,866,144
EXPENDITURE			
Activity costs	39,738	150,125	61,799
Partners and consultants	306,343	363,500	697,180
Solidaridad staff costs	1,609,890	1,887,000	1,829,560
Other costs	297,200	206,038	190,212
Expenditure Solidaridad entities (related organisations)	930,472	1,245,293	1,227,588
Total expenditure	3,183,643	3,851,956	4,006,339
Operational Result	-364,367	-141,176	859,805
Financial Result	-294,198	-7,000	7,941
RESULT	-658,565	-148,177	867,746
Appropriation of the result			
Solidaridad General reserve	-14,565	-148,177	-182,254
Solidaridad Innovation reserve	-644,000		1,050,000
Result	-658,565	-148,177	867,746

Appropriation of result

In anticipation of the approval of the financial report by the International Supervisory Board, the net result of € 658,564 has been taken from the reserves.

CASH FLOW STATEMENT FOR 2021

(in Euros)

Cash flow statement					
	2021			2020	
Cash flow from operational activities					
Surplus / (shortage) from the income & expenditure statement	-658,565			867,745	
Non cash transactions	331,816			24,368	
Changes in working capital:					
Short-term receivables	-672,076			-1,825,687	
Short-term payables	443,570			55,221	
		-555,254			-878,353
Cash flow from investment activities					
(Des)investments in tangible fixed assets	-3,157			-32,301	
Changes in financial fixed assets	0			0	
Changes in stocks and shares	0			0	
		-3,157			-32,301
Cash flow from financing activities					
Changes in long-term debts	0			0	
		0			0
Total changes in cash flow		-558,410			-910,654
Cash and bank balances					
Balance on 1 January	957,166			1,867,820	
Balance on 31 December	398,756			957,166	
Changes in cash and bank balances		-558,410			-910,654

NOTES TO THE CASH FLOW STATEMENT

The cash flow statement has been drawn up using the indirect method. The indirect method establishes a clear link between the balance sheet and the income and expenditure statement, while it also helps us understand the sources of cash flow, and disclose the non-cash transactions (such as depreciation).

Cash flow from operating activities

At the end of 2021, the total cash flow from operating activities has been reduced by € 323,099. This is mostly due to the increase in the short term receivables in 2021, which are expected to be realized in the course of 2022.

The non cash transactions contain a decrease in financial fixed assets of € 292.000. In 2021, the long term loan to Solidaridad West Africa for infrastructure support was reduced by € 300,000, as a loan waiver was agreed upon. The remaining € 8,000 corresponds to the annual loan interest. Next to that, fixed assets were depreciated with € 39,816.

Cash flow from investment activities

The investments in tangible fixed assets have slightly increased.

Cash and Bank balances

The cash and bank balances at the end of 2021 were €398,756 which signals a movement of € 558,410 from the 2020 end year position. The aim in 2021 was to keep our cash balances relatively stable and low because of the negative interest rate applied to our bank accounts. Due to this policy, the receivables from other Solidaridad entities were relatively high at the end of the year.

GENERAL NOTES TO THE ACCOUNTS

Objective of the organisation and nature of the activities

These accounts represent the single, not consolidated financial statements of Stichting Solidaridad Network. Stichting Solidaridad Network was founded in 2011 and has its legal seat in Utrecht, the Netherlands. The foundation aims to support organisations in developing countries that systematically work to combat poverty. Solidaridad works throughout the whole supply chain to make sustainability the norm and ensure farmers, processors and workers have a living income, influence, and produce in balance with nature.

The Network Secretariat fulfils several functions within Solidaridad's network organisation; it facilitates network policy development and acts as a service centre for the eight regional offices. The Network Secretariat provides support related to Solidaridad's quality assurance systems, as well as maintaining standards for financial management, accountability and control, planning, monitoring and evaluation, ICT infrastructure and human resource management. It is also responsible for global communication, which includes managing the international website, developing communication guidelines, tools and standards for global branding. The Network Secretariat employs the Executive Director who works closely together with the Managing Directors of the regional expertise centres and is the chair of the Executive Board of Directors (EBoD).

Guidelines for annual reporting

The annual accounts of Stichting Solidaridad Network have been drawn up on the basis of Guideline 640 for Non-Profit Organisations which is part of the accounting standards produced by the Dutch Accounting Standards Board (Raad voor de Jaarverslaggeving).

Foreign currency

Assets and liabilities denominated in foreign currency are translated at the fx rate prevailing on the balance sheet date. Differences between the fx rate on the date of transaction (contract date) and the fx rate on balance sheet date will be taken to the unrealized fx reserve in the balance sheet.

Income and expenditure is reported using the fx rate of the settlement date (date of receipt or payment). The difference between the fx rate on the date of transaction (contract date) and the settlement date will be taken to the realized fx reserve in the Income & Expenditure statement. Any remaining unrealized fx differences relating to the transaction will be removed.

Related parties

Income, expenditure and receivable or payable balances with related (Solidaridad) entities are disclosed under the relevant headers. Other than transactions with other Solidaridad entities, there were no transactions with related parties.

ACCOUNTING PRINCIPLES OF VALUATION AND DETERMINATION OF THE RESULT

Tangible fixed assets

The operating assets are valued at purchase price minus annual straight-line depreciation based on the expected useful economic life. Purchases made in the reporting year are depreciated from the date of purchase.

Financial fixed assets

Advance payments and loans are valued at their nominal value, taking into account any risk that they may not be collectable. Participations that do not enable Solidaridad to exercise a significant influence on commercial and financial policies are valued at purchase price after deducting exceptional depreciations where applicable.

Receivables

After initial recognition, the receivables are measured at amortised costs on the basis of the effective interest method. Gains and losses are recognised in the income statement through the amortisation process. Receivables are valued taking into account any risk that they may not be collectable.

Other assets and liabilities

All other items in the balance sheet are, after initial recognition, measured at amortised costs on the basis of the effective interest method. Gains and losses are recognised in the income statement through the amortisation process.

Income and expenditure

A distinction is made between restricted and unrestricted income. Restricted income is related to grants with conditions associated with it by the donor regarding the duration and/or purpose of the grant. If there are no restrictions, income is unrestricted. Examples of unrestricted income are inheritances, grants with no restriction in any form, income from campaigns or direct mailing and income from interest or investments.

Restricted income from grants is accounted for in the year to which it relates and to the extent that the grant has been utilised by the end of the financial year. (Portions of) received grants that are not utilised are shown on the balance sheet as liabilities (deferred income from grants). Utilised grants that are not yet received are shown on the balance sheet as assets (accrued income from grants).

Unrestricted income is recognised on a cash basis. If the income leads to a positive result for the year, the positive result will be added to the general reserves. Examples are income from campaigns, inheritances or grants with no restriction whatsoever.

Taxation

The annual accounts have been prepared under the assumption that the activities of Solidaridad Network Foundation are exempt from corporate income tax.

NOTES TO THE BALANCE SHEET

ASSETS

Tangible fixed assets

	Total	Buildings	Furniture & Fixtures	Computers	Equipment
AS AT 1 JANUARY 2021					
Cost	215,017	109,947	65,697	31,847	7,526
<u>Depreciation</u>	<u>149,386</u>	<u>89,061</u>	<u>36,731</u>	<u>23,469</u>	<u>125</u>
Book value as at 1 january	65,631	20,886	28,966	8,378	7,401
CHANGES IN BOOK VALUE					
Disposal (costs)	0	0	0	0	0
Disposal (depreciation)	0	0	0	0	0
Additions	3,157	0	0	3,157	0
<u>Depreciation</u>	<u>39,816</u>	<u>20,176</u>	<u>12,736</u>	<u>5,398</u>	<u>1,505</u>
Movement	-36,659	-20,176	-12,736	-2,241	-1,505
AS AT 31 DECEMBER 2021					
Cost	218,174	109,947	65,697	35,004	7,526
<u>Depreciation</u>	<u>189,202</u>	<u>109,237</u>	<u>49,467</u>	<u>28,867</u>	<u>1,630</u>
As at 31 december 2021	28,972	710	16,230	6,137	5,896

The tangible fixed assets have been retained for our operations. The expected useful economic life per category is shown below:

	Useful economic life (in years)	Depreciation percentage
Buildings	5	20,0%
Furniture & fixtures	5	20,0%
Equipments	5	20,0%
Computers	3	33,3%

Financial fixed assets

		31-12-2021		31-12-2020
Loans to other RECs		554,000		846,000
Financial fixed assets		554,000		846,000

The loan has been given to Solidaridad West Africa, as a part of a multiannual loan agreement. The loan is meant to financially contribute to a construction project in Ghana initiated by Solidaridad West Africa. This loan is provided for the duration of five years against an interest rate of 2%. In 2021, the loan was reduced by €300,000, as a loan waiver was agreed upon with a contract amendment to the original multiannual loan agreement. Additionally, in 2021 the annual interest of € 8.000 has been added to the total value of the loan.

Receivables, Prepayments And Accrued Income

	31-12-2021		31-12-2020
Other prepaid expenditures	71,851		136,650
Receivables from related (Solidaridad) organisations	2,629,237		1,892,363
Total receivables, prepayments and accrued income	2,701,088		2,029,013

All intercompany receivables and all accrued income are due within one year, and they are expected to be realized in the course of 2022. The balances of intercompany receivables per related (Solidaridad) organisations are shown below :

Receivables from related (Solidaridad) organisations	31-12-2021		31-12-2020
Solidaridad Asia	0		0
Solidaridad Southern Africa	0		0
Solidaridad East and Central Africa	211,898		0
Solidaridad West Africa	453,228		439,214
Solidaridad South America	0		53,149
Solidaridad Central America	0		0
Solidaridad North America	0		0
Solidaridad Europe	1,964,111		1,400,000
Total receivables from related (Solidaridad) organisations	2,629,237		1,892,363

A change in presentation method has been processed for the year 2021: the receivables from and payables to Solidaridad organisations are offset per entity, the balance at year end is presented as a receivable or a

payable. At the end of 2020, the receivable and payable balances were split and the receivable and/or payable balance was presented under debtors and/or creditors.

Cash and bank balances

Cash and bank			
	31-12-2021		31-12-2020
Current accounts	162,765		182,893
Savings accounts	235,991		774,273
Total cash and bank balance	398,756		957,166

The cash is free at the disposal of Stichting Solidaridad Network.

LIABILITIES

Reserves and Funds

	Total		Solidaridad General reserve	Solidaridad Innovation reserve
Balance on 1 January	3,289,891		2,239,891	1,050,000
Dotation (+)	100,000		0	100,000
Withdrawal (-)	-758,565		-14,565	-744,000
Balance on 31 December	2,631,326		2,225,326	406,000

The general reserve ensures the Network Secretariat's sustainability prospects, and creates a flexible mechanism which facilitates the Solidaridad Network at large. Stichting Solidaridad Network bases itself on the concept of sustainable relationships with its partners and with its staff. The size of the general reserve is determined as the trade-off between the desirability of deploying as much as possible of our reserves for our objectives and the need to maintain a healthy financial basis for the future. The general reserve is intended to ensure that the Stichting Solidaridad Network can continue to meet its moral and other obligations.

The Executive Board of Directors of Solidaridad Network have prepared guidelines, which the Supervisory Boards have approved, stating that:

A reservation of resources is desirable for the continuity of the support given to the charity's goals;
The continuity should be no more than 1.5 times the annual costs of maintaining the operational structure.

In 2021, a withdrawal of € 14,565 was made from the Solidaridad general reserve and at the end of 2021 the total amount was € 2,225,326. The costs for maintaining the operational structure are defined as all costs except expenditures related to other Solidaridad entities, activity costs and costs for partners and consultants.

The costs for maintaining Stichting Solidaridad Network's operational structure in 2021 were € 1,907,090. At the end of 2021 the level of the general reserve is 1.16 times the level of costs needed to maintain the operational structure.

The Solidaridad innovation reserve was created in 2020 with a total value of € 1,050,000. In 2021, there was a dotation of € 100,000 according to the income realized for this purpose. There was also a withdrawal of € 744,000 according to the expenses realized for this purpose. The remaining balance of € 406,000 is expected to be expensed in the year 2022. The Solidaridad Innovation reserve intends to finance innovation track teams that work on global solutions in line with the Solidaridad Network innovation strategy in MASP III (2021-2025) .

Short term debts

All short term debts are due within one year, and they are expected to be realized in 2020.

	31-12-2021	31-12-2020
Deferred income from related (Solidaridad) organisations	0	0
Accrued salary payables	218,670	355,100
Other creditors & accrued liabilities	84,193	176,218
Payables to related (Solidaridad) organisations	748,626	76,602
Total short term debts	1,051,490	607,920

The accrued salary payables consist of the social securities for the payroll of December 2021 (payable in January 2022), the provision for employees' paid leave not taken (up until the end of 2021) and the reserve for the employees' holiday allowance (payable in May 2022). The other creditors & accrued liabilities consist of mostly the reserve for the audit expenses for 2021, and other payables to suppliers that are expected to be realized and fully paid in the course of 2021.

The payables to related (Solidaridad) organisations were considerably increased in 2021 compared to 2020, mostly due to contracts committed in 2021 that were expected to be paid in the year 2022.

The details are shown below :

Payables to related (Solidaridad) organisations	31-12-2021	31-12-2020
Solidaridad Asia	159,586	75,000
Solidaridad Southern Africa	29,144	0
Solidaridad East and Central Africa	0	0
Solidaridad West Africa	0	0
Solidaridad South America	22,398	1,602
Solidaridad Central America	155,203	0
Solidaridad North America	382,295	0
Solidaridad Europe	0	0
Total payables to related (Solidaridad) organisations	748,626	76,602

Contingent liabilities and conditional rights

Rental Contract

Stichting Solidaridad Network has entered into a five-year rental contract for the rental of the ground floor of 't Goylaan 15 in Utrecht per 1 August 2016. On the first of May 2018 the duration of the contract was extended to 30 April 2028. The rental costs are indexed annually based on the consumer price index. The annual rent obligation is approximately € 40,000.

Other liabilities

Stichting Solidaridad Network has entered into a three-year contract with Salesforce (SFDC Ireland Limited) for the purchase of licence fees. The agreement came into effect on January 1 2021 and the fixed annual obligation resulting from this is approximately € 92,000.

Stichting Solidaridad Network has entered into a three-year contract with FinancialForce (Financial Force UK Limited) for the purchase of licence fees for a cloud-based accounting application which is built on the Salesforce platform. The contract came into effect on 31 January 2021 and the fixed annual obligation resulting from this is approximately € 66,690.

NOTES TO THE STATEMENT OF INCOME AND EXPENDITURE

INCOME

Income from related (Solidaridad) organisations

Stichting Solidaridad Network does not agree contracts with donors by itself; it receives contributions from other Solidaridad offices worldwide to achieve joint goals. In 2021, the income has decreased considerably, due mostly to the fact that less global projects are coordinated centrally in the Network Secretariat on behalf of Solidaridad Network.

The breakdown is as follows:

	Income 2021	Income 2020
Income from related (Solidaridad) entities		
Solidaridad Asia	143,723	106,226
Solidaridad Southern Africa	24,529	3,670
Solidaridad East and Central Africa	209,591	27,074
Solidaridad West Africa	226,514	364,948
Solidaridad South America	71,920	36,360
Solidaridad Central America	20,387	13,079
Solidaridad North America	19,789	16,896
Solidaridad Europe	2,102,823	4,297,891
Total	2,819,276	4,866,144

EXPENDITURE

Activity costs

	2021		2020
Travel and living expenses	37,838		60,964
Other activity costs	1,899		835
Total activity costs	39,738		61,799

The activity costs are mostly related to the employees travel expenses. Due to the covid-19 pandemic, the travel and movement of the staff members remained limited in the year 2021 and was further decreased in relation to 2020.

Partners and consultants

	2021		2020
Partner and consultants costs	306,343		697,180
Total partner and consultant costs	306,343		697,180

The expenses for partners and consultants decreased in 2021 compared to the year before. In 2020, there was a focus on improving the Network's IT infrastructure and further professionalising the global IT operations. Although this continued in 2021, the IT costs were restructured and less consultants were than the year before.

Solidaridad staff costs

	2021		2021		2020
	actual		budget		actual
Gross salaries	1,205,862		1,206,887		1,219,602
Social premiums	139,979		168,964		159,237
Pension costs	197,979		253,447		191,986
Other staff costs	66,070		257,702		258,735
Total Solidaridad staff costs	1,609,890		1,887,000		1,829,560

The total staff costs were 15% below the approved budget for 2021, and 12% below the total staff costs in 2020. Between 1 January and 31 December 2021 two (2) employees left the organisation. At the end of the year 2021 15 staff members were employed by Stichting Solidaridad Network (including one employee for which 31st of December was the last working day), expressed as full-time equivalents (FTEs) : 13.92 (2020: 15.01). The division between male and female is as follows: 47% female employees and 53% male employees.

In accordance with Solidaridad's statutes, the members of the Supervisory Boards of Solidaridad receive no remuneration of any kind.

Pension costs

Solidaridad Network Foundation has a service agreement with Centraal Beheer APF for a defined contribution pension scheme for its employees. Paid and to be paid premiums during 2021 have been charged to the income & expenditure statement.

Remuneration of the director

The composition of the salary of the Executive Director in 2021 and 2020 is shown below :

Remuneration of the Director			
Year		2021	2020
Executive Director		Jeroen Douglas	Jeroen Douglas
Period		January-December	January-December
Employment contract		Permanent	Permanent
Hours		36	36
Percentage of full time		100	100
Salary including 13th month and holiday pay		130,388	124,731
Employers pension contribution		24,656	23,799
Gross salary to the Executive Director		155,044	148,530
Employer social security contribution		9,952	10,142
Total salary costs to the organisation		164,996	158,672

Other costs

	2021	2020
Audit & Legal fees	34,482	27,290
Depreciation costs	39,816	36,367
Communication costs	4,099	8,087
Office and general costs	218,804	118,468
Total other costs	297,200	190,212

The other or operational costs were increased in 2021 compared to the previous year. The increase is mostly related to the office and general costs, and specifically the software licence expenses which were increased in 2021 in relation to 2020 due to the efforts related to the digital transformation of the Solidaridad Network.

Expenditures related (Solidaridad) entities

	2021	2020
Solidaridad Asia	190,000	163,000
Solidaridad Southern Africa	55,980	213,500
Solidaridad East and Central Africa	0	119,500
Solidaridad West Africa	12,500	0
Solidaridad South America	94,318	0
Solidaridad Central America	175,590	275,761
Solidaridad North America	402,084	350,000
Solidaridad Europe	0	105,827
Total expenditure to related (Solidaridad) entities	930,472	1,227,588

Solidaridad related organisations that are in the start-up phase sometimes have insufficient unrestricted funds to cover their operational expenditure. For these organisations, budgetary support is available for a restricted period of time. In 2021 Stichting Solidaridad Network has indeed supported Solidaridad related entities in the following regions : Solidaridad Central America (€ 155,000), and Solidaridad North America (approx. € 266,000).

All the other expenditures to related organisations are the result of our close cooperation with all our different entities across the world; in 2021 we tried to employ to the fullest our internal capacity in the Solidaridad Network.

Financial income and expenditure

	2021	2020
Interest income (expense) on bank accounts	2,198	4,059
Interest income (expense) on long term investments	-8,000	-12,000
Expense on long term investments	300,000	0
Total financial income and expenditure	294,198	-7,941

The expenses and the interest income on long term investment are realized according to the original loan agreement with Solidaridad West Africa and the addendum agreed in 2021 (see financial fixed assets). The interest expense was charged directly to the bank accounts of Stichting Solidaridad Network in 2021.

OTHER INFORMATION

Appropriation of result

In anticipation of the approval of the financial report by the International Supervisory Board, the net result of €14,565 has been withdrawn from the general reserve and € 644,000 has been withdrawn from the innovation reserve.

Signing

The Executive Director of Solidaridad Network Foundation, Jeroen Douglas, has adopted this financial report by signing it on the 20th of June 2022.

Jeroen Douglas,
Executive Director of Solidaridad Network

The International Supervisory Board (ISB) has provided its consent to this financial report by signing it on the 20th of June 2022.

Mariam Dao Gabala
Chair International Supervisory Board

INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

To: the supervisory board and the management of Stichting Solidaridad Network.

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

Our opinion

We have audited the financial statements 2021 of Stichting Solidaridad Network based in Utrecht, the Netherlands.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Stichting Solidaridad Network at 31 December 2021 and of its result for 2021 in accordance with the 'RJ-Richtlijn 640 Organisaties zonder winststreven' (Guideline for annual reporting 640 'Not-for-profit organisations' of the Dutch Accounting Standards Board).

The financial statements comprise:

1. the balance sheet as at 31 December 2021;
2. the statement of income and expenditure for 2021; and
3. the notes comprising of 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. 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 Solidaridad Network in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

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

B. Report on the other information included in the annual report.

The annual report contains other information, in addition to the financial statements and our auditor's report thereon.

The other information consists of: the management report.

Oranje Nassaulaan 1
1075 AH Amsterdam
Telefoon 020 571 23 45

E-mail info@dubois.nl
www.dubois.nl
KvK nummer 34374865



Based on the following procedures performed, we conclude that the other information is consistent with the financial statements and does not contain material misstatements.

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

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

Management is responsible for the preparation of the other information, being the Management Board's report in accordance with Guideline for annual reporting 'RJ-Richtlijn 640 Organisaties zonder winststreven' (Guideline for annual reporting 640 'Not-for-profit organisations').

C. Description of responsibilities regarding the financial statements

Responsibilities of the supervisory board and the management for the financial statements.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Guideline for annual reporting 'RJ-Richtlijn 640 Organisaties zonder winststreven' (Guideline for annual reporting 640 'Not-for-profit organisations'). Furthermore, management is responsible for such internal control as management 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, management is responsible for assessing the organisation's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements using the going concern basis of accounting, unless management either intends to liquidate the organisation or to cease operations, or has no realistic alternative but to do so.

Management 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 organisation's financial reporting process.

Our responsibilities for the audit of the financial statements

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

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not 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 and independence requirements.

Our audit included among others:

- 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 entity's internal control;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the organisation'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 a organisation 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.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

We communicate with the supervisory board and the management 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.

Amsterdam, 22 June 2022

Dubois & Co. Registeraccountants

A.P. Buteijn RA