



FAIR WEAR FOUNDATION

FINANCIAL REPORT

2017

TER IDENTIFICATIE

MATTENS
registeraccountants
Kerkbuurt 58
1551 AE Westzaan
Telefoon 075 - 6162241



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**1. Annual financial statements 2017****STICHTING FAIR WEAR FOUNDATION, AMSTERDAM****1.1. BALANCE SHEET 31 DECEMBER 2017**

	<u>December 31, 2017</u>		<u>December 31, 2016</u>	
	€	€	€	€
FIXED ASSETS				
Tangible fixed assets				
Inventory	63,821		84,327	
Computers	<u>42,185</u>		<u>41,481</u>	
		106,006		125,808
CURRENT ASSETS				
Receivables				
Debtors	367,233		105,872	
To be invoiced	14,857		30,258	
Taxes	12,051		31,204	
Subsidies and contributions	7,262		138,795	
Other receivables, prepayments and accrued income	<u>56,002</u>		<u>109,995</u>	
		457,404		416,124
Liquid assets		<u>3,152,241</u>		<u>2,528,938</u>
		<u>3,715,651</u>		<u>3,070,870</u>
LIABILITIES				
Current liabilities				
Creditors	337,396		120,859	
Subsidies received in advance	2,696,223		2,440,274	
Taxes	56,810		54,162	
Accruals and deferred income	<u>191,939</u>		<u>247,043</u>	
		3,282,367		2,862,338
RESERVES				
General reserve	208,532		82,789	
Result	<u>224,752</u>		<u>125,743</u>	
		433,284		208,532
		<u>3,715,651</u>		<u>3,070,870</u>

1.2. STATEMENT OF INCOME AND EXPENDITURE 2017

	Budget 2017	Realisation 2017	Realisation 2016
	€	€	€
Revenues			
Contributions member companies	883,915	905,488	812,321
Support member companies	101,251	88,673	76,659
Audits on behalf of affiliates	220,000	401,741	250,157
Subsidies	4,433,427	3,593,879	2,818,473
Other income	17,600	23,916	47,603
	<u>5,656,193</u>	<u>5,013,697</u>	<u>4,005,213</u>
Expenses			
Personnel	2,343,032	2,317,207	1,894,813
Depreciation	39,500	46,143	36,594
Other costs	3,177,548	2,425,382	1,949,587
	<u>5,560,080</u>	<u>4,788,731</u>	<u>3,880,994</u>
Operational result	96,113	224,966	124,219
Interest		-214	1,524
Result	<u>96,113</u>	<u>224,752</u>	<u>125,743</u>

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1.3. CASHFLOW STATEMENT 2017

	2017		2016	
€	€	€	€	
Operational result		224,966		124,219
<i>Adjustments for:</i>				
Depreciation		46,143		36,594
Mutation receivables	-41,280		67,504	
Short-term Loan FNV	0		-200,000	
Mutation current liabilities	420,029		2,378,320	
		<u>378,749</u>		<u>2,245,824</u>
Cash flow from regular activities		<u>649,857</u>		<u>2,406,637</u>
Interest		-214		1,524
Cash flow operating expenses		<u>649,644</u>		<u>2,408,161</u>
Cash flow from investing activities				
Investments in tangible fixed assets		-26,341		-138,763
Mutation in cash		<u>623,303</u>		<u>2,269,398</u>
Cash as at December 31		3,152,241		2,528,938
Cash as at January		<u>2,528,938</u>		<u>259,540</u>
Mutation Bank and Cash		<u>623,303</u>		<u>2,269,398</u>

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1.4. ACCOUNTING PRINCIPLES

General

The financial statements have been prepared in accordance with the Guidelines for Annual Reporting in the Netherlands for Not-For-Profit Organisations (RJ 640) published by the Dutch Accounting Standards Board. The reporting currency is the euro. They have been prepared on an accrual basis and under the historical cost invention, unless stated otherwise.

Comparison with the preceding year

There has been no change in accounting policies compared with the preceding year.

Tangible assets

Tangible fixed assets are stated at historical cost less straight-line depreciation over the expected useful life of the asset concerned.

Receivables

Receivables are stated at face value. A provision for doubtful accounts is deducted. This provision is determined by individual assessment of the receivables.

PRINCIPLES FOR THE DETERMINATION OF THE RESULT

General

The operating result is determined by the difference between the income and expenses for the year, taking into account the above accounting policies. The income and expense items are attributed to the period to which they relate, based on historical cost. Losses are recognised as soon as they are identified. Income is recognised when it is realised.

Subsidies

Operating subsidies are recorded in the year when the subsidized costs were incurred.

EMPLOYEE REMUNERATION

Regular remuneration

Wages, salaries and social security charges are recognised in the statement of income and expenditure according to the conditions of employment as and when payable to employees.

Pensions

Fair Wear Foundation has a career-average pension scheme. The contributions related to accumulated pension rights paid to the pension scheme provider are accounted for in the statement of income and expenditure for the year.

Explanation of cash flow statement

The cash flow statement was drawn up in accordance with the indirect method. The financial resources in the cash flow statement consist of the liquid assets.

OTHER FINANCIAL LIABILITIES

In 2016 the foundation signed a rental contract for a period of 5 years from 1 October 2016 until 30 September 2021, with the possibility to divest a part of the rented space (100 m² of the total 470 m²) per 31 December 2020.

At 31 December 2017 the yearly costs for rent and service amount to € 73.795.

1.5. NOTES TO THE BALANCE SHEET 31 DECEMBER 2017

1.5.1 Tangible fixed assets

	<u>Inventory</u>	<u>Computer</u>	<u>Total</u>
	€	€	€
January 1, 2017			
Purchase value	118,251	66,665	184,916
Accumulated depreciation	<u>-33,924</u>	<u>-25,184</u>	<u>-59,108</u>
	84,327	41,481	125,808
Changes 2017			
Investments	3,267	23,074	26,341
Fully amortized purchase value	-8,706	-4,098	-12,804
Fully amortized accumulated depreciation	8,706	4,098	12,804
Depreciation	<u>-23,773</u>	<u>-22,370</u>	<u>-46,143</u>
	<u>-20,506</u>	<u>704</u>	<u>-19,802</u>
December 31, 2017			
Purchase value	112,812	85,641	198,453
Accumulated depreciation	<u>-48,991</u>	<u>-43,456</u>	<u>-92,447</u>
	63,821	42,185	106,006
Depreciation percentages	20%	33%	

1.5.2 Receivables

	<u>Dec 31, 2017</u>	<u>Dec 31, 2016</u>
	€	€
<i>Debtors</i>		
Nominal value	379,733	118,600
Less: provision doubtful debts	<u>-12,500</u>	<u>-12,728</u>
	367,233	105,872
<i>Subsidies and contributions</i>		
BuZa-FAHR		99,444
EU India	11,657	-
BFA WEP	1,848	-
EU-CCA Wellmade		39,351
Less: provision doubtful subsidies	<u>-6,243</u>	
	7,262	138,795



	<u>Dec 31, 2017</u>	<u>Dec 31, 2016</u>
<i>Other receivables</i>	€	€
Deposits World Fashion Centre	19,875	19,875
Interest	0	0
Other	36,127	90,120
	<u>56,002</u>	<u>109,995</u>

1.5.3. Liquid assets

ABN AMRO Bank N.V., current account	1,802,677	429,437
ABN AMRO Bank N.V., savings account	1,349,528	2,099,489
Cash	35	12
	<u>3,152,241</u>	<u>2,528,938</u>

1.5.4. Reserves

General reserve

Balance as per January 1	208,532	82,789
Result	224,752	125,743
Balance as per December 31	<u>433,284</u>	<u>208,532</u>

1.5.5. Current liabilities

	<u>Dec 31, 2017</u>	<u>Dec 31, 2016</u>
<i>Subsidies received in advance</i>	€	€
BuZa, Strategic Partnership	2,431,861	2,234,263
BuZa, Strategic Partnership Flexible Fund	264,362	183,743
EU-India		15,223
CNV-LW		7,045
	<u>2,696,223</u>	<u>2,440,274</u>

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	<u>Dec 31, 2017</u>	<u>Dec 31, 2016</u>
	€	€
<i>Tax and social security</i>		
Wage tax	<u>56,810</u>	<u>54,162</u>
 <i>Accruals and deferred income</i>		
Holiday allowance	79,391	69,281
Accumulated days off	74,684	58,180
Auditor	23,700	13,500
Project costs a.s.o.	<u>14,163</u>	<u>106,082</u>
	<u>191,939</u>	<u>247,043</u>

1.6. NOTES TO THE STATEMENT OF INCOME AND EXPENDITURE 2017

	<u>Budget 2017</u>	<u>Result 2017</u>	<u>Result 2016</u>
	€	€	€
1.6.1. Contribution member companies			
Contributions member companies	<u>883,915</u>	<u>905,488</u>	<u>812,321</u>
 1.6.2. Subsidies			
CNV		7,045	16,955
Fastenopher & Max Havelaar Zwitserland	18,500	8,609	18,339
Ministry of Foreign Affairs, Sustainable Economic Development	4,322,540	3,371,658	2,511,747
Ministry of Foreign Affairs, Social Development	0	139,293	60,605
UN Trust Fund	0	0	-14,518
Europe Aid- Wellmade	0	0	51,034
EU-India	47,387	48,425	79,904
RVO-KyB	0	0	54,199
BFA WEP China	45,000	0	39,973
BFA WEP communication module	0	18,849	0
Other subsidies	<u>0</u>	<u>0</u>	<u>235</u>
	<u>4,433,427</u>	<u>3,593,879</u>	<u>2,818,473</u>

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	Budget 2017	Result 2017	Result 2016
1.6.3 Personnel costs	€	€	€
Salaries	1,729,796	1,750,471	1,488,900
Social security	290,606	289,911	239,640
Pension costs	213,630	205,107	150,551
Other personnel costs	139,000	170,767	120,815
	<u>2,373,032</u>	<u>2,416,256</u>	<u>1,999,906</u>
Health insurance	-30,000	-99,050	-105,093
	<u>2,343,032</u>	<u>2,317,207</u>	<u>1,894,813</u>

At the end of December 2017 FWF employed a total of 37 people (2016: 35). On a full time basis FWF employed an average of 30.5 employees in 2017 (2016: 27.6). The gross annual salary for the director, Mrs. H.F. van Doorn, for 2017 was € 59 837. In 2017 she worked on a fulltime basis till September 2017 (1FTE, 174 working days). The total pension costs for the director for 2017 were € 10 175. The holiday allowance amounted to € 4 787 (8% of the annual gross salary). A gross amount of € 35 000 additional end of contract benefits was paid. Members of the board of Fair Wear Foundation do not receive any salary nor allowance.

1.6.4 Other costs

Office	329,142	270,084	300,077
Organisation	152,500	147,567	102,695
Communication	498,360	239,137	321,326
Verification	1,762,594	1,272,812	836,006
Travel	214,952	133,171	139,326
Expenses audits on behalf of affiliates	220,000	362,611	250,157
	<u>3,177,548</u>	<u>2,425,382</u>	<u>1,949,587</u>

1.6.5.a. Office

Office rent	74,942	65,447	47,929
Office necessities	254,200	204,638	252,149
	<u>329,142</u>	<u>270,084</u>	<u>300,078</u>

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	Budget 2017	Result 2017	Result 2016
1.6.5.b. Organisation	€	€	€
Meeting and board	6,000	20,526	7,610
Auditor and advice	81,500	96,673	74,279
Financial administration	12,500	6,510	12,786
Bankcharges and exchange rate differences	12,500	10,265	13,037
Provision for doubtful debts	40,000	13,593	-5,017
	152,500	147,567	102,695
1.6.5.c. Communication			
Website	115,500	32,749	45,768
Protection of brand name and logo	3,500	1,022	1,188
Promotion and printing	173,060	58,516	65,704
Stakeholder engagement	58,100	71,872	101,130
External content development	148,200	74,978	107,536
	498,360	239,137	321,326
1.6.5.d. Verification			
Country studies	192,280	30,234	50,763
Policy development	157,800	151,787	47,454
Partner network	505,648	399,564	167,104
Selection and training auditors	118,979	114,011	29,001
Training suppliers and members	348,509	253,644	166,029
Verification audits	244,500	161,511	221,800
Complaints procedure	91,207	80,637	55,965
Monitoring and evaluation	89,560	64,479	89,193
Support members companies	14,111	16,946	8,697
	1,762,594	1,272,812	836,006
1.6.5.e. Travel			
Transport	144,610	80,063	72,649
Food and Lodging	70,342	53,108	66,677
	214,952	133,171	139,326
1.6.5.f. Expenses audits on behalf of affiliates	220,000	362,611	250,157

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2. PROJECTS AND SUBSIDIES

2017

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Donor: Fastenopfer

Institutional support

Donor: Brot für Alle

FWF-WEP Communication module 2017-2018

Donor: CNV Internationaal

Project: Macedonia - FWF living wage 2016 – project nr. 000665

Donor: European union

Creating change agents in the European garment industry (WellMade)
Reduction of economic discrimination and workplace violence in Indian export-oriented garment factories

Donor: Dutch ministry of foreign affairs

Strengthening fair wear foundation's capacity to operationalize the united nations "protect, respect, remedy"
The Strategic Partnership for garment supply chain transformation 2016-2020
Evidence-based lobby & advocacy to support human rights protections for Syrian refugee garment workers

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DONOR: FASTENOPFER

INSTITUTIONAL SUPPORT

In 2007, FWF started a formal cooperation with ISCOM, a Swiss collaboration of NGOs with a similar goal to FWF. This cooperation resulted in several Swiss companies joining FWF foundation as well as an increase in FWF brand awareness in Switzerland and a Swiss NGO being appointed to the FWF Board. As a result, both Fastenopfer and Max Havelaar Switzerland chose to financially support the work of FWF on an institutional basis. In 2017, Fastenopfer subsidised FWF to the amount of € 8,608.82 (CHF 10,000). Max Havelaar Switzerland has decided to stop the institutional financial support to FWF as from 2017 since their strategic focus changed. Brot für Alle has decided to discontinue the institutional support of ISCOM and to provide financial support to FWF in the form of project funding (*FWF-WEP Communication Module 2017-2018*).

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DONOR: BROT FÜR ALLE

PROJECT: FWF WEP Communication Module 2017-2018

In the previous project with Brot für Alle, FWF has developed a WEP Communication module in 2016. In the continuation of that project the goal is to pilot the new WEP Communication module and to expand the communication module to Vietnam, Myanmar and Indonesia, next to China. Brot für Alle supports the *FWF-WEP Communication module 2017-2018* for the period from 1 July 2017 to 31 December 2018 with a total amount of CHF 90,000; approximately EUR 80,000 (EUR 17,000 in 2017 and EUR 63,000 in 2018).

The component elements of the project are; (1) Train the trainer's sessions; (2) Pilots of the WEP Communication module; (3) Stakeholder engagement; and (4) Complaint handling.

Brot für Alle

FWF WEP Communication Module 2017 and 2018

	Amount received	Project costs	Amount claimed	Amount open for claim *)	Contribution FWF **)
Project start *)				79,192	83,710
2017	17,000	33,288	17,000	18,848	14,440
Total	17,000	33,288	17,000	60,344	69,270

*) Total project amount CHF 90,000 at rate of EUR/CHF 1,13647 at conclusion of project

**) FWF's contribution is not a percentage but an amount on earmarked costs.

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DONOR: CNV INTERNATIONAAL

PROJECT: MACEDONIA - FWF LIVING WAGE 2016 – PROJECT NR. 000665

CNV Internationaal has been supporting FWF's work in Macedonia for many years. The work in Macedonia is strongly linked to CNV Internationaal's agenda of providing decent employment to workers around the world. Therefore, CNV Internationaal continued to fund the project *Fair Wear - Living Wage 2016 Macedonia*, which ran from 1 January to 31 December 2016, for 70% of the total project costs with a maximum of EUR 24,000. This project was a continuation of previous projects by FWF in Macedonia. Activities covered by this project included wage increase implementation; setting up factory-level social dialogue mechanisms; and implementing lessons learned from the living wage pilot projects.

Due to unforeseen delays, part of the planned activities took place in 2017. CNV Internationaal had agreed to finance some of the work in 2017, from the balance of funds that were received in 2016; FWF has provided the remaining balance, with a maximum of EUR 10,286 (30%).

CNV Internationaal Fair Wear - Living Wage 2016 Macedonia - (000665)

	Amount received	Project costs	Amount claimed	Amount open for claim	Contribution FWF
Project start *)				24,000	
2016	24,000	24,221	16,955	7,045	7,266
2017		10,101	7,045	0	3,056
Total	24,000	34,322	24,000	0	10,322
Contribution			70%		30%

*) Total project Budget is EUR 34,286. CNV Internationaal contribution is 70%.
FWF Contribution is 30%.

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DONOR: EUROPEAN UNION

The European Union sponsored one project in 2017 from their office in India: *Reduction of economic discrimination and workplace violence in Indian export-oriented garment factories*.

In 2017 the European Union transferred the final instalment from their office in Brussels of the project *Creating Change Agents in the European Garment Industry (WellMade)*.

PROJECT: CREATING CHANGE AGENTS IN THE EUROPEAN GARMENT INDUSTRY (WELLMADE)

The European Union, through its Brussels' office, supported the project *Creating Change Agents in the European Garment Industry* from 1 March 2013 until 29 February 2016 with an amount of EUR 492 512, which is 75% of the total project budget of EUR 656 683. The remaining 25% contribution is to be secured by backings from FWF and four partner organisations (CNV Internationaal, CRI, ETI, SOMO). The project mainly targeted designers, sales people and sourcing agents of garment companies in Europe, with the aim of changing their business practices to support improved labour conditions at their production locations.

The final instalment from the European Union has been received in 2017 based on the Addendum to the contract signed at 21 December 2016, with which the project is closed.

European Union Brussels - WellMade

	Total Project costs	EU Amount received	EU Amount claimed	EU Amount open for claim	Partners Amount received	Partners Amount claimed	Partners Amount open for claim *)	Total amount open for claim	Contribution FWF
Project start				492,512			40,657	533,170	
2013	231,567	173,481	173,676	318,837	7,100	7,100	33,558	352,394	50,792
2014	210,931	141,889	158,198	160,639	6,625	6,625	26,933	187,571	46,108
2015	124,518	127,891	99,704	60,935	6,111	6,111	20,822	81,756	18,703
2016	91,230		51,034	9,900	0	10,092	10,730	20,630	30,104
2017	0	39,351	0	9,900	0	0	10,730	20,630	0
Total	658,246	482,612	482,612	9,900	19,835	29,927	10,730	20,630	145,707
Contribution			73.3%			4.5%			22.1%

*) The amount open for claim have not been claimed from the partners anymore, since all costs made by FWF that are eligible, have been claimed already.

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PROJECT: REDUCTION OF ECONOMIC DISCRIMINATION AND WORKPLACE VIOLENCE IN INDIAN EXPORT-ORIENTED GARMENT FACTORIES

Through its India office, the European Union funded the project *Reduction of economic discrimination and workplace violence in Indian export-oriented garment factories* running from 1 September 2014 to 31 August 2017. The maximum EU contribution was € 169 999 (89.47%). In the light of new Indian legislation on sexual harassment in workplaces, the action was designed to pilot innovative methods of reducing workplace violence against women in the export-oriented garment industry through training. Training has been provided to current male line supervisors and women with potential to become supervisors in the future. In correspondence with the final financial report, which has been sent to the EU Delegation in India at 28 February 2018, the total costs in 2017 were EUR 54,124, of which 89.47% is funded through the EU Delegation in India.

European Union

India - Instrument for Democracy

	Amount received	Project costs	Amount claimed	Amount open for claim*	Contribution FWF
Project start				169,999	
2014	60,190	2,152	1,925	168,074	226
2015		38,449	34,402	133,672	4,047
2016	71,265	89,305	79,904	53,768	9,401
2017	21,545	54,124	48,425	5,343	5,699
Total	152,999	184,030	164,656	5,343	19,374
Contribution			89.47%		10.53%

**) The project has been finished and all costs are covered. The amount of € 5.343 will not be claimed any more.*

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DONOR: DUTCH MINISTRY OF FOREIGN AFFAIRS

Until 2015, the Dutch Ministry of Foreign Affairs supported two projects: *Strengthening Fair Wear Foundation's capacity to operationalize the United Nations "Protect, Respect, Remedy"* and *Anti-harassment committee and violence prevention system in export-oriented garment factories*. Both projects ended on 31 December 2015 and have been accounted for in the annual report 2015.

In addition, the Dutch Ministry of Foreign Affairs began sponsoring two new projects in 2016 in the area of lobby and advocacy: *The Strategic Partnership for garment supply chain transformation 2016-2020* and *Evidence-based lobby & advocacy to support human rights protections for Syrian refugee garment worker*.

PROJECT: STRENGTHENING FAIR WEAR FOUNDATION'S CAPACITY TO OPERATIONALIZE THE UNITED NATIONS "PROTECT, RESPECT, REMEDY"

In 2017 the final tranche of EUR 99,444.25 concerning the project *Strengthening Fair Wear Foundation's capacity to operationalize the United Nations "Protect, Respect, Remedy"* has been received. The Dutch Ministry of Foreign Affairs transferred it based on the revised final narrative and financial reports, dated 27 November 2016, approved by the Dutch Ministry of Foreign Affairs by letter dated 12 March 2017. With receipt of this final tranche the project is closed.

Dutch Ministry of Foreign Affairs Human Rights, Gender, Equality, Good Governance and Humanitarian Aid Department

	Amount received	Project costs	Interest accrued	Amount claimed	Amount open for claim	Contribution FWF
Project start					1,988,885	
2011	254,739				1,988,885	0
2012	254,739	273,740	1,408	266,394	1,722,491	5,938
2013	474,481	686,916	572	692,225	1,030,266	-5,881
2014	527,428	577,409	118	577,348	452,918	-57
2015	378,054	455,333	9	452,918	0.0	2,407
2016					0.0	0
2017	99,444				0.0	0
Total	1,988,885	1,993,398	2,107	1,988,885	0.0	2,407
Contribution			0.11%	99.77%		0.12%

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PROJECT: THE STRATEGIC PARTNERSHIP FOR GARMENT SUPPLY CHAIN TRANSFORMATION 2016-2020

From 1 January 2016, the Dutch Ministry of Foreign Affairs has supported *The Strategic Partnership for garment supply chain transformation 2016-2020*. This five-year effort is led by FWF, Dutch trade unions Mondiaal FNV and CNV Internationaal, and the Dutch Ministry of Foreign Affairs. It also includes a varied network of organisations in Europe and in eight garment-producing countries in Asia and Africa: Bangladesh, Cambodia, Ethiopia, India, Indonesia, Myanmar, Pakistan and Vietnam.

The goal of the SP is to improve labour conditions in the garment industry. The Partnership aims to bring together the expertise of trade unions, NGOs, and progressive brands and factories, to ensure that all supply chain actors are engaged. It focuses on three important themes, reflecting key labour issues:

1. **Living wages:** Supporting better wages while ensuring that industries remain profitable
2. **Gender equality:** Ensuring that particular needs of women workers are addressed
3. **Social dialogue:** Strengthening negotiation between management and workers' representatives

The project runs from 1 January 2016 to 31 December 2020. The total contribution of the Dutch Ministry of Foreign Affairs is EUR 32,000,000; the share for FWF of this total 5year budget is EUR 19,486,666.

Dutch Ministry of Foreign Affairs

The Strategic Partnership for garment supply chain transformation 2016-2020

	SP	CNV Internationaal	Mondiaal FNV	FWF	FWF	FWF	FWF	FWF
	Total Amount received	Amount disbursed to CNV Internationaal	Amount disbursed to Mondiaal FNV	Amount received	Project costs	Accrued interest	Amount claimed	Amount open for claim
Project start								19,486,666
2016	6,990,038	629,861	1,614,167	4,746,010	2,513,247	1,500	2,511,747	16,974,919
2017	6,355,631	1,223,875	1,562,500	3,569,256	3,371,658	0	3,371,658	13,603,261
Total	13,345,669	1,853,736	3,176,667	8,315,266	5,884,905	1,500	5,883,405	13,603,261

TER IDENTIFICATIE

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PROJECT: EVIDENCE-BASED LOBBY & ADVOCACY TO SUPPORT HUMAN RIGHTS PROTECTIONS FOR SYRIAN REFUGEE GARMENT WORKERS

The Dutch Ministry of Foreign Affairs supports the project *Evidence-based lobby & advocacy to support human rights protections for Syrian refugee garment workers* with a total amount of EUR 488,696.63

(EUR 80,777.16 in 2016, EUR 232,593.48 in 2017 and EUR 175,324.99 in 2018). The project runs from 1 September 2016 to 31 August 2018. As part of FWF’s work related to Syrian refugees in Turkey, FWF cooperates with trade unions, CSOs and MSIs. FWF provides guidance to member brands and suppliers. This project has two specific areas of work: creating evidence and developing models on how to address the issues facing Syrian refugees; and supporting evidence-based advocacy in order to create sustainable, large-scale solutions for Syrians employed in the garment industry.

Dutch Ministry of Foreign Affairs

Evidence-based lobby & advocacy to support human rights protections for Syrian refugee garment workers

	Amount received	Project costs	Amount claimed	Amount open for claim	Contribution FWF *)
Project start				488,696	
2016	244,348	71,414	60,605	428,091	10,809
2017	219,913	192,785	139,293	288,798	53,492
Total	464,261	264,199	199,898	288,798	64,301
Contribution					

*) FWF's contribution is not a percentage but an amount on earmarked costs/budget lines.

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INDEPENDENT AUDITOR'S REPORT

To: The Board of Directors of Stichting Fair Wear Foundation
Postbox 69253
1060 CH AMSTERDAM

A. Report on the audit of the financial statements 2017 included in the annual report

Our opinion

We have audited the financial statements 2017 of Stichting Fair Wear Foundation, based in Amsterdam.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Stichting Fair Wear Foundation as at 31 December 2017 and of its result for 2017 in accordance with the 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 2017;
- 2 the profit and loss account for 2017; 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. 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 Fair Wear Foundation 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

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

- Projects and Subsidies

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.

The Board of Directors is responsible for the preparation of the other information in accordance with the Guideline for annual reporting 640 'Not-for-profit organisations' of the Dutch Accounting Standards Board.

C. Description of responsibilities regarding the financial statements

Responsibilities of management for the financial statements

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with the Guideline for annual reporting 640 'Not-for-profit organisations' of the Dutch Accounting Standards Board. Furthermore, the Board of Directors is responsible for such internal control as the Board of Directors 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 Board of Directors is responsible for assessing the Foundation's ability to continue as a going concern. Based on the financial reporting framework mentioned, the Board of Directors should prepare the financial statements using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Foundation or to cease operations, or has no realistic alternative but to do so.

The Board of Directors should disclose events and circumstances that may cast significant doubt on the Foundation's ability to continue as a going concern in the financial statements.

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 and independence requirements. 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 Foundation's internal control;
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors;
- 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 Board of Directors 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.

Westzaan, 9 May 2018

Mattens Registeraccountants B.V.



J.L.M. Mattens RA