



Fairwear Foundation - Financial Report 2018

FAIR WEAR FOUNDATION

FINANCIAL REPORT

2018

Stichting Fair Wear Foundation
AMSTERDAM
Financial statements 2018

TER IDENTIFICATIE

MATTENS
registeraccountants
Kerkbuurt 58
1551 AE Westzaan
Telefoon 075 - 6162241



STICHTING FAIR WEAR FOUNDATION, AMSTERDAM

Content

		<u>Page</u>
1	Financial statements	
1.1.	Balance sheet 31 December 2018	3
1.2.	Statement of income and expenditure 2018	4
1.3.	Cashflow statement 2018	5
1.4.	Accounting principles	6
1.5.	Notes to the balance sheet 31 December 2018	7
1.6.	Notes to the statement of income and expenditure 2018	9
2	Projects and Subsidies	11
3	Auditor's Opinion	18

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Kerkbuurt 58
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Telefoon 075 - 6162241



1. Annual financial statements 2018

1.1. BALANCE SHEET 31 DECEMBER 2018

		December 31, 2018		December 31, 2017	
		€	€	€	€
FIXED ASSETS					
Tangible fixed assets	(1.5.1)				
Inventory		56.836		63.821	
Computers		<u>43.239</u>		<u>42.185</u>	
			100.075		106.006
Financial fixed assets	(1.5.2)				
Subsidiary			1		0
CURRENT ASSETS					
Receivables	(1.5.3)				
Debtors		187.211		367.233	
To be invoiced		3.311		14.857	
Taxes (VAT)		107.170		12.051	
Subsidies and contributions		33.279		7.262	
Other receivables, prepayments and accrued income		<u>91.196</u>		<u>56.002</u>	
			422.167		457.404
Liquid assets	(1.5.4)		2.326.753		3.152.241
			<u>2.848.996</u>		<u>3.715.651</u>
RESERVES					
RESERVES	(1.5.5)				
General reserve		433.284		208.532	
Result		<u>224.034</u>		<u>224.752</u>	
			657.318		433.284
LIABILITIES					
Current liabilities	(1.5.6)				
Creditors		513.270		337.396	
Subsidies received in advance		1.368.710		2.696.223	
Taxes		69.473		56.810	
Accruals and deferred income		<u>240.225</u>		<u>191.939</u>	
			2.191.678		3.282.367
TER IDENTIFICATIE			<u>2.848.996</u>		<u>3.715.651</u>

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1.2. STATEMENT OF INCOME AND EXPENDITURE 2018

		Budget 2018	Actual 2018	Actual 2017
		€	€	€
Revenues				
Contributions member companies	(1.6.1)	929.381	902.288	905.488
Support member companies		154.300	89.166	88.673
Audits on behalf of affiliates		314.960	361.087	401.741
Subsidies	(1.6.2)	4.547.193	4.955.414	3.593.879
Other income		17.500	4.956	23.916
		<u>5.963.334</u>	<u>6.312.911</u>	<u>5.013.697</u>
Expenses				
Personnel cost	(1.6.3)	2.747.040	2.616.580	2.317.207
Depreciation		58.250	53.257	46.143
Other cost	(1.6.4)	3.133.159	3.419.990	2.425.382
		<u>5.938.449</u>	<u>6.089.826</u>	<u>4.788.731</u>
Operational result		24.885	223.085	224.966
Result on participation			0	0
Interest			949	-214
Result		<u>24.885</u>	<u>224.034</u>	<u>224.752</u>
Appropriation of the result				
Added to the general reserve				224.752
Open to Board approval			224.034	
			<u>224.034</u>	<u>224.752</u>

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 1551 AE Westzaan
 Telefoon 075 - 6162241



1.3. CASHFLOW STATEMENT 2018

	2018		2017	
	€	€	€	€
Operational result		223.085		224.966
<i>Adjustments for:</i>				
Depreciation		53.257		46.143
Mutation receivables	35.237		-41.280	
Mutation current liabilities	<u>-1.090.690</u>		<u>420.029</u>	
		<u>-1.055.452</u>		<u>378.749</u>
Cash flow from regular activities		<u>-779.111</u>		<u>649.857</u>
Interest		949		-214
Cash flow operating expenses		<u>-778.161</u>		<u>649.644</u>
Cash flow from investing activities				
Investment in subsidiary		-1		0
Investments in tangible fixed assets		<u>-47.325</u>		<u>-26.341</u>
Mutation Bank and Cash		<u><u>-825.488</u></u>		<u><u>623.303</u></u>
Cash as at December 31		2.326.753		3.152.241
Cash as at January 1		<u>3.152.241</u>		<u>2.528.938</u>
Mutation Bank and Cash		<u><u>-825.488</u></u>		<u><u>623.303</u></u>

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1551 AE Westzaan
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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. The statements have been prepared on an accrual basis and under the historical cost invention, unless stated otherwise.

Comparison to the preceding year

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

Tangible fixed assets

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

Financial fixed assets

Financial fixed assets are stated at cost.

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 2018 the yearly costs for rent and service amount to € 75.481.

TER IDENTIFICATIE

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1551 AE Westzaan
Telefoon 075 - 6162241

1.5. NOTES TO THE BALANCE SHEET 31 DECEMBER 2018

1.5.1. Tangible fixed assets

	<u>Inventory</u>	<u>Computer</u>	<u>Total</u>
	€	€	€
January 1, 2018			
Purchase value	112.812	85.641	198.453
Accumulated depreciation	<u>-48.991</u>	<u>-43.456</u>	<u>-92.446</u>
	63.821	42.185	106.006
Changes 2018			
Investments	16.218	31.107	47.325
Fully amortized purchase value	-4.950		-4.950
Fully amortized accumulated depreciation	4.950		4.950
Depreciation	<u>-23.204</u>	<u>-30.053</u>	<u>-53.257</u>
	<u>-6.985</u>	<u>1.054</u>	<u>-5.932</u>
December 31, 2018			
Purchase value	124.080	116.748	240.828
Accumulated depreciation	<u>-67.244</u>	<u>-73.509</u>	<u>-140.753</u>
	56.836	43.239	100.075
Depreciation percentages	20%	33%	

1.5.2. Financial fixed assets

	<u>Dec 31, 2018</u>	<u>Dec 31, 2017</u>
	€	€
Subsidiary (FWF Global Services B.V.)	<u>1</u>	<u>-</u>

FWF registered this wholly owned subsidiary in 2018, (private company) since such a legal entity is required for certain donors.

1.5.3. Receivables

	<u>Dec 31, 2018</u>	<u>Dec 31, 2017</u>
	€	€
<i>Debtors</i>		
Nominal value	187.211	379.733
Less: provision doubtful debts	<u>0</u>	<u>-12.500</u>
	187.211	367.233
<i>Subsidies and contributions</i>		
EU India	0	11.657
BFA WEP	0	1.848
ASN	33.279	0
Less: provision doubtful subsidies	<u>0</u>	<u>-6.243</u>
	33.279	7.262

TER IDENTIFICATIE

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	<u>Dec 31, 2018</u>	<u>Dec 31, 2017</u>
<i>Other receivables</i>	€	€
Deposits World Fashion Centre	19.875	19.875
Other	<u>71.321</u>	<u>36.127</u>
	<u>91.196</u>	<u>56.002</u>

1.5.4. Liquid assets

ABN AMRO Bank N.V., current account	1.473.718	1.802.677
Triodos, current account	3.520	0
ABN AMRO Bank N.V., savings account	849.513	1.349.528
Cash	<u>2</u>	<u>35</u>
	<u>2.326.753</u>	<u>3.152.241</u>

1.5.5. Reserves

Balance as per January 1	433.284	208.532
Result	<u>224.035</u>	<u>224.752</u>
Balance as per December 31	<u>657.319</u>	<u>433.284</u>

1.5.6. Current liabilities

Subsidies received in advance

BuZa, Strategic Partnership	1.135.286	2.431.861
BuZa, Strategic Partnership Flexible Fund	95.432	264.362
BFA WEP	17.784	
GIZ	<u>120.209</u>	
	<u>1.368.710</u>	<u>2.696.223</u>

Tax and social security

Wage tax	<u>69.473</u>	<u>56.810</u>
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Accruals and deferred income

Holiday allowance	103.679	79.391
Accumulated days off	96.202	74.684
Auditor	17.500	23.700
Project costs a.s.o.	<u>22.843</u>	<u>14.163</u>
	<u>240.225</u>	<u>191.939</u>

TER IDENTIFICATIE

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1.6. NOTES TO THE STATEMENT OF INCOME AND EXPENDITURE 2018

	Budget 2018	Actual 2018	Actual 2017
	€	€	€
1.6.1. Contribution member companies			
Contributions member companies	<u>929.381</u>	<u>902.288</u>	<u>905.488</u>
1.6.2. Subsidies			
CNV	0	0	7.045
Fastenopher & Max Havelaar Zwitserland	8.700	8.981	8.609
Ministry of Foreign Affairs, Sustainable Economic Development	4.310.057	4.732.396	3.371.658
Ministry of Foreign Affairs, Social Development	166.244	168.931	139.293
EU-India	0	0	48.425
ASN	0	33.279	0
BFA WEP communication module	62.192	11.827	18.849
	<u>4.547.193</u>	<u>4.955.414</u>	<u>3.593.879</u>
1.6.3. Personnel cost			
Salaries	1.918.221	1.959.435	1.750.471
Social security	320.343	334.185	289.911
Pension costs	268.587	238.082	205.107
Other personnel costs	239.890	226.895	170.767
	<u>2.747.040</u>	<u>2.758.596</u>	<u>2.416.257</u>
Health insurance	0	-142.016	-99.050
	<u>2.747.040</u>	<u>2.616.580</u>	<u>2.317.207</u>

At the end of December 2018 FWF employed a total of 43 persons (2017: 37). On a full time basis FWF employed an average of 35.4 persons in 2018 (2017: 30.5).
 The gross annual salary (included 8% holiday allowance) for the director, Mr. A.R. Kohnstamm, for 2018 was € 86.032. In 2018 he worked on a fulltime basis, starting Februari 1st. The total pension costs for the director for 2018 amounted € 13.035.
 Members of the board of Fair Wear Foundation do not receive any salary nor allowance.

1.6.4. Other cost

Office	(1.6.5a) 260.492	217.339	270.084
Organisation	(1.6.5b) 89.000	39.996	147.567
Communication	(1.6.5c) 590.770	692.880	239.137
Verification	(1.6.5d) 1.739.980	2.001.516	1.272.812
Travel	(1.6.5e) 200.949	136.363	133.171
Expenses audits on behalf of affiliates	251.968	331.896	362.611
	<u>3.133.159</u>	<u>3.419.990</u>	<u>2.425.382</u>

1.6.5a. Office

Housing	74.942	68.434	65.447
General office cost	185.550	148.905	204.638
	<u>260.492</u>	<u>217.339</u>	<u>270.084</u>

TER IDENTIFICATIE

MATTENS
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 Kerkbuurt 58
 1551 AE Westzaan
 Telefoon 075 - 6162241

	<u>Budget</u> <u>2018</u>	<u>Actual</u> <u>2018</u>	<u>Actual</u> <u>2017</u>
1.6.5b. Organisation	€	€	€
Meeting and board	8.000	5.103	20.526
Auditor and advice	40.000	22.100	96.673
Financial administration	9.500	4.484	6.510
Bankcharges and exchange rate differences	12.500	15.240	10.265
Provision for doubtful debts	19.000	-6.931	13.593
	<u>89.000</u>	<u>39.996</u>	<u>147.567</u>
1.6.5c. Communication			
Website	98.463	106.243	32.749
Protection of brand name and logo	48.991	1.022	1.022
Promotion and printing	90.996	48.313	58.516
Stakeholder engagement	191.820	324.261	71.872
External content development	160.500	213.042	74.978
	<u>590.770</u>	<u>692.880</u>	<u>239.137</u>
1.6.5d. Verification			
Country studies	175.964	173.538	30.234
Policy development	211.950	524.680	151.787
Partner network	395.252	279.653	399.564
Selection and training auditors	58.500	107.155	114.011
Training suppliers and members	339.542	326.032	253.644
Verification audits	226.150	225.195	161.511
Complaints procedure	90.122	87.396	80.637
Monitoring and evaluation	240.000	209.215	64.479
Country Representation		59.313	0
Support members companies	2.500	9.340	16.946
	<u>1.739.980</u>	<u>2.001.516</u>	<u>1.272.812</u>
1.6.5e Travel			
Transport	125.939	77.434	80.063
Food and Lodging	75.010	58.929	53.108
	<u>200.949</u>	<u>136.363</u>	<u>133.171</u>
1.6.5.f. Expenses audits on behalf of affiliates	<u>251.968</u>	<u>331.896</u>	<u>362.611</u>

TER IDENTIFICATIE

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PROJECTS AND SUBSIDIES 2018

TER IDENTIFICATIE

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CONTENTS

Donor: Fastenopfer

Institutional support

Donor: Brot für Alle

FWF WEP Communication module 2017-2018/2019

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 2016-2018/2019

Donor: ASN

Cooperation on living wage implementation 2018-2020

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Kerkouart 58
1551 AE Westzaan
Telefoon 075 - 6162241

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, Fastenopfer chose to financially support the work of FWF on an institutional basis. In 2017, Fastenopfer subsidised FWF to the amount of € 8,981 (CHF 10,000).

Note: 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*), see next page.

Fastenopfer					
Institutional support					
	Fo		Project cost		
	Total received		Total project costs	FWF	Amount claimed
Project total	10,000 CHF yearly				
Advances					
2017	8,608	*)	8,608	0	8,608
2018	8,981	*)	8,981	0	8,981
2019					

*) Fastenopfer is contributing 10.000 CHF on a yearly basis as non-restricted support.

TER IDENTIFICATIE

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DONOR: BROT FÜR ALLE

PROJECT: FWF WEP Communication Module 2017-2019 (extended)

In 2017 FWF entered into an agreement with Brot für Alle and received financial support to develop a training module on worker-management dialogue in China as part of its Workplace Education Programme (WEP). Due to external circumstances, FWF had to postpone implementation in China. FWF and BfA therefore agreed to extend the project until September 2019 and expand to Vietnam, Myanmar and Indonesia in a co-funding structure with the Dutch Ministry of Foreign Affairs.

The new WEP Communication module focuses on improving worker-management interaction by developing skills for collaborative problem-solving. In 2018, FWF started to pilot the WEP Communication training at three suppliers of FWF members in Indonesia and Myanmar. In 2019 FWF plans to integrate learnings into the module and implement further pilots in Vietnam, Indonesia and Myanmar. In addition, an evaluation of FWF's WEP Basic module and complaint system will also be co-financed by the project.

Brot für Alle supports the FWF-WEP Communication module with a total amount of CHF 90,000; approximately Euro 80,000 (EUR 17,000 in 2017, EUR 31,000 in 2018 and the remainder in 2019).

Brot für Alle					
FWF WEP Communication Module 2017-2019					
	BfA	Project cost			
	Total received	Total project costs	FWF - share **)	BfA - share	Potential remaining subsidies
Project total	79,964 *)				79,964
Advances					
2017	17,000	33,288	14,440	18,848	61,116
2018	31,000	33,478	22,110	11,368	49,748
2019					
Total	48,000	66,766	36,550	30,216	49,748
Remaining disbursements	31,964				

*) Total project subsidy CHF 90,000 at rate of EUR/CHF at conclusion rate of project.

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

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 Kerkbuurt 58
 1551 AE Westzaan
 Telefoon 075 - 6162241

DONOR: DUTCH MINISTRY OF FOREIGN AFFAIRS

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 workers*.

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 3 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 is EUR 19,430,000.

Dutch Ministry of Foreign Affairs									
The Strategic Partnership for garment supply chain transformation 2016-2020									
	Alliance					FWF project cost			
	MoFA SP	CNV Internationaal	Mondiaal FNV	MoFA	FWF	Project costs	Accrued interest	Amount claimed	Potential remaining subsidy
	Total received	Amount disbursed	Amount disbursed	Amount disbursed	Amount remaining				
Project total	32,000,000	5,070,000	7,350,000	150,000	19,430,000				19,430,000
Advances									
2016	6,990,038	629,861	1,614,167		4,746,010	2,513,247	1,500	2,511,747	16,918,253
2017	6,355,631	1,223,875	1,562,500		3,569,256	3,371,658	0	3,371,658	13,546,595
2018	7,384,415	732,014	3,216,580		3,435,821	4,732,396	0	4,732,396	8,814,199
2019									
2020									
Total	20,730,084	2,585,750	6,393,247	0	11,751,087	10,617,301	1,500	10,615,801	8,814,199
Remaining disbursements	11,269,916	2,484,250	956,753	150,000	7,678,913				

TER IDENTIFICATIE

15

MATTENS
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 Kerkbuurt 58
 1551 AE Westzaan
 Telefoon 075 - 6162241

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.

The project duration was initially from 1 September 2016 to 31 August 2018. Due to difficult circumstances in Turkey, an extension until Dec 31st, 2018 has been accepted. Another extension is under consideration.

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 2016-2019

	MoFA - SP	Project cost			
	Total received	Total project costs	FWF	Amount claimed	Potential remaining subsidies
Project total	488,697			488,697	488,697
Advances					
2016	244,348	71,414	10,809	60,605	428,092
2017	219,913	192,785	53,492	139,293	288,799
2018	0	235,085	66,154	168,931	119,868
2019					
Total	464,261	499,284	130,455	368,829	119,868
Remaining disbursements	24,436				

TER IDENTIFICATIE

MATTENS
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 Kerkbuurt 58
 1551 AE Westzaan
 Telefoon 075 - 6162241

Donor: ASN

Cooperation on living wage implementation 2018-2020

FWF is one of the participating organizations that are supported by ASN, contributing on Human Rights goals. For FWF especially this is aimed on implementing Living Wages in the garment industry.

To support of ASN varies with the savings on specific ASN accounts (Ideaalsparen), and also with the quantity and amounts of/on ASN creditcards.

The subsidy is between € 100.000 - € 150.000 yearly. Due to the late start (end of 2018) the minimum amount is delayed into 2019, while the total cost 2018 for the project amounted € 33,279.

ASN

Cooperation on living wage implementation 2018-2020

	ASN	Project cost		
	Total received	Total project costs	FWF	Amount claimed
Advances				
2018	0 *)	33,279	0	33,279
2019				
2020				

*) The first disbursement has been received in 2019.

TER IDENTIFICATIE

MATTENS
 registeraccountants
 Kerkbuurt 58
 1551 AE Westzaan
 Telefoon 075 - 6162241

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 2018 included in the annual report

Our opinion

We have audited the financial statements 2018 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 2018 and of its result for 2018 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 2018;
- 2 the statement of income and expenditure for 2018; and
- 3 the notes comprising a summary of the accounting principles 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, 7 June 2019

Mattens Registeraccountants B.V.



J.L.M. Mattens RA