



## **Stichting Profundo Research**

Located at Amsterdam

Annual Report 18 January 2019 until 31 December 2019

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## Accountants report

To the Board of Directors of  
Stichting Profundo Research  
Radarweg 505  
1043 NZ Amsterdam

Zaandam, 23 December 2020

We hereby offer you the report concerning the annual report 18 January 2019 until 31 December 2019 for Stichting Profundo Research, Amsterdam.

### ACCOUNTANT'S COMPILATION REPORT

The financial statements of Stichting Profundo Research, Amsterdam, have been compiled by us using the information provided by you. The financial statements comprise the balance sheet as at 31 December 2019 and the statement of income and expenses for the year then ended with the accompanying explanatory notes. These notes include a summary of the accounting policies which have been applied.

This compilation engagement has been performed by us in accordance with Dutch law, including the Dutch Standard 4410, 'Compilation engagements', which is applicable to accountants. The standard requires us to assist you in the preparation and presentation of the financial statements. To this end we have applied our professional expertise in accounting and financial reporting.

In a compilation engagement, you are responsible for ensuring that you provide us with all relevant information and that this information is correct. Therefore, we have conducted our work, in accordance with the applicable regulations, on the assumption that you have fulfilled your responsibility. To conclude our work, we have read the financial statements as a whole to consider whether the financial statements as presented correspond with our understanding of Stichting Profundo Research.

During this engagement we have complied with the relevant ethical requirements prescribed by the 'Verordening Gedrags- en Beroepsregels Accountants' (VGBA). You and other users of these financial statements may therefore assume that we have conducted the engagement in a professional, competent and objective manner and with due care and integrity and that we will treat all information provided to us as confidential.

Zaandam, 23 December 2020

Vanhier B.V.

R. Anderton  
Registeraccountant



## ACTIVITY REPORT 2019

### Activity report 2019

Profundo Research Foundation (Stichting Profundo Research, PRF) was incorporated on January 18, 2019. The foundation was set up by Profundo B.V., a not-for-profit research consultancy established in Amsterdam (the Netherlands) in 2000. In the past 20 years, Profundo B.V. executed hundreds of research projects for CSOs and government clients. All its research projects are related to corporate impacts on sustainability issues across the world, often with a focus on commodity sectors (agriculture, livestock, forestry, energy, mining, fisheries) and/or the financial sector.

### Mission of PRF

Complementing the client-driven research work of Profundo B.V., PRF aims to conduct under its own initiative policy, economic, financial and legal research with a high social relevance, supporting the transition to a sustainable economy and increasing social justice at a global level. By publishing concrete research results, PRF aims to stimulate the public debate on national and international levels about the responsibilities of companies, financial institutions and governments, as well as the steps these organisations can take to create the necessary changes in the economy and society.

To support the movement towards more sustainability and social justice, much more research is needed to unravel the facts, to analyse the patterns, to expose the vested interests. But also: to show the options for change, to look for solutions and to stimulate stakeholders to change course. Research can be used as a lever for change, providing insights as well as opportunities. PRF aims to be a catalyst by supporting research, initially focusing on the following economic sectors and thematic areas:

- Agriculture and food
- Climate change
- Labour rights and gender
- Migration and armed conflicts
- Water

In all research projects, PRF will look for collaboration with relevant campaigning and lobbying Civil Society Organisations (CSOs), to ensure that the research results will have maximum impact.

### How PRF aims to achieve its goals

PRF will reach its goals by raising funds from donors and by entering into agreements with researchers at Profundo B.V. and elsewhere. PRF will encourage these researchers to develop high-quality, innovative and highly relevant research proposals, broadly within the boundaries set by the above sectors and thematic areas. Researchers will be encouraged to develop their plans and budgets in collaboration with campaigning and lobbying CSOs. After a critical review, researchers will be supported to submit their proposals to potential donors on behalf of PRF.

When funding for a research proposal is attracted, PRF will conclude an agreement with the researcher to carry out the research. From the grants made by donors, a reasonable percentage (3% initially) will be reserved by PRF to cover the attendance fees of the board members as well as the costs of auditing the annual reports of PRF. The remaining sum will be used to cover the research costs and the costs of CSOs partnering in the projects, up to the amounts that have been budgeted in the research proposal.

PRF is governed by the director and assisted by an Advisory Council (see page 5). The daily management of PRF is in the hands of the director of Profundo B.V., assisted by Profundo's financial administrator. Both work on a pro bono basis for PRF.

### Projects undertaken in 2019

In its first year of existence, PRF executed one project on Migration and Security in the European Union, funded by Open Society Initiative For Europe (OSIFE). This project aimed to improve the accountability of EU funding for migration and border management. Profundo investigated and, with CSO partners, influence the policy and legal environment of the EU financing instruments in these areas.

Since the wake of the 2015-2016 refugee crisis, the EU's expenditure for migration and border management has considerably increased and the European Commission's (EC) proposal for the next long-term EU budget indicates it will remain a key priority – the proposal includes a 2.6 fold increase as compared with the current budget. However, little attention has been paid to investigate and fully understand the policy and legal environment in which public and private actors operate. This environment is made up of primarily three components: the EU regulations establishing the legal framework of the funds, the implementation of these regulations by the EC and Member States and the practice of the national authorities responsible for the management of the funds and the funds' beneficiaries.



During 2017 and 2018, in research also supported by OSIFE, PRF has identified loopholes and deficiencies of these three components, including the lack of clear and thorough reporting obligations, the non-implementation of important provisions of the regulations, such as human rights monitoring, and the common practice of poor oversight on how funds are spent. In 2019, we continued advancing accountability by using a combination of three tools: research, advocacy and capacity-building. For example, we prepared a detailed analysis on the EC proposal for the Integrated Border Management Fund Regulation that we used to build knowledge of advocacy organizations in Brussels. We then adapted the initial longer analysis to a concise non-paper including amendments for the European Parliament, which served as a basis for the engagement with key policy makers.

#### **Building contacts with donors**

PRF plans to generate income by submitting research proposals to donors such as philanthropic foundations and government programs. As a new organization, we still need to get acquainted with the donor world. In 2019 we made a start with building contacts with potential donors, to better understand their priorities and requirements. With OSIFE discussions were held on continuing the Migration and Security project in 2020, on which an agreement was reached. OSIFE also offered to bring PRF into contact with other donors, to which we will give follow-up in 2020.

PRF was approached by the Good Energies Foundation (GEF) to discuss its activities. GEF then invited PRF to submit a proposal for expansion of the Forests & Finance (F&F) website. By expanding this website, releasing publications and undertaking additional outreach and capacity building activities, we aim to create a comprehensive source of information on the funding of economic sectors driving tropical deforestation in the three of the world's most important carbon sinks (Latin America, Congo Basin, Southeast Asia). By expanding this platform, we aim to build a community of users (CSOs, media, government organisations) in tropical forest countries and in financial centres abroad, working towards the common goal of using the leverage of the financial sector to stop tropical deforestation. The proposal has been submitted to GEF, and a decision is expected in the spring of 2020.

Additionally, PRF has submitted a proposal to Waterloo Foundation to expand the Forests & Finance website, with a focus on capacity-building activities for CSOs in tropical forest countries. Waterloo Foundation has let us know that our proposal is shortlisted and it has raised additional questions. We expect a decision to be taken in the spring of 2020. PRF also has submitted a proposal to SAGE Fund to do research on the position of female waste pickers focussing on Latin America. No decision has been taken yet.

Finally, SAGE Fund invited PRF to participate in a small convening in Mexico City, intended to take stock of strategic corporate research and investment tools, assess their impact and identify opportunities for strengthening and scaling. During the meeting, contacts were established with a number of donors who showed interest in the plans of PRF including: Oak Foundation, True Costs Initiative and Wellspring Philanthropic Fund. Follow-up will be taken with the contacts established.

#### **Plans for 2020**

In 2020, we plan to continue the Migration and Security project funded by OSIFE. Also, we hope to be able to start working on expansion of the Forests & Finance website with funding from Good Energies Foundation and Waterloo Foundation.

Additionally, PRF will continue to expand its network of contacts with potential donors. Simultaneously, researchers at Profundo and elsewhere will be stimulated to develop innovative and impactful research proposals in the thematic fields prioritized by PRF. We will have discussions with potential donors around these proposals, submitting them if and where opportunities arise.

After a modest start in 2019, PRF in 2020 will work further towards its goal of initiating policy, economic, financial and legal research with a high social relevance, supporting the transition to a sustainable economy and increasing social justice at a global level.



### **Composition of the board**

The board of Profundo Research Foundation consists of:

- Jan Willem van Gelder

Jan Willem van Gelder is director and founder of Profundo B.V. He is an experienced market, finance, tax and policy researcher, focusing on global commodity sectors and the global financial sector.

The Advisory Council of Profundo Research Foundation consists of:

- Meine Pieter van Dijk

Meine Pieter van Dijk is economist, emeritus professor of water services management at UNESCO-IHE in Delft and emeritus professor of urban management at the Institute of Social Studies (ISS) in The Hague. He is now part-time professor of entrepreneurship at the Maastricht School of Management (MSM) and visiting professor at the Beijing University of Civil engineering and Architecture (BUCEA).

- Alexandra Dawe

Alexandra Dawe is an independent communications specialist, advising and training NGOs and companies on communication strategies in relation to the environment and sustainability. She worked previously as a financial journalist and as communications specialist at Greenpeace International, FMO and Rainforest Alliance.

- Giuseppe van der Helm

Giuseppe van der Helm is the former director of the Dutch Association of Investors for Sustainable Development (VBDO). He now is the director of the cooperation *Leren voor Morgen* which aims to work with educational institutes in the Netherlands on sustainable development in education.

Amsterdam, 23 December 2020

J. van Gelder



**BALANCE SHEET AS AT 31 DECEMBER 2019**  
*(Before distribution of result)*

		<u>31-12-2019</u>
		€
<b>ASSETS</b>		
<b>Current assets</b>		
<i>Cash and cash equivalents</i>	<i>1</i>	53.796
Total assets		<u><u>53.796</u></u>



		31-12-2019	
		€	€
<b>LIABILITIES</b>			
<b>Equity</b>	2		
Result for the year			-1.268
<b>Short-term liabilities</b>			
Other liabilities and accrued expenses	3		55.064
Total liabilities			<u>53.796</u>





## STATEMENT OF INCOME AND EXPENSES FOR THE PERIOD 2019 UNTIL 2019

	<u>18-1-2019 / 31-12-2019</u>	
	€	€
<b>Donations</b>	4	88.186
Outsourced research activities	5	<u>-85.126</u>
<b>Activities margin</b>		3.060
<b>Expenses</b>		
General expenses	6	<u>4.328</u>
<b>Net result</b>		<u><u>-1.268</u></u>



## NOTES TO THE FINANCIAL STATEMENTS

### Entity information

#### Registered address and registration number trade register

The registered and actual address of Stichting Profundo Research is Radarweg 505, 1043 NZ in Amsterdam Nederland. Stichting Profundo Research is registered at the Chamber of Commerce under number 73734446.

### General notes

#### The most important activities of the entity

The activities of Stichting Profundo Research consist mainly of conducting policy, economic, financial and legal research of high social relevance in support of the transition to a sustainable economy. Increasing social justice on a global level. Stimulating the social debate about the responsibilities of companies, financial institutions and governments.

#### Disclosure of group structure

Stichting Profundo research (Stichting) is founded with the purpose of attracting funds from clients and donors to do policy, economic, financial and legal research with a high social relevance, supporting the transition to a sustainable economy and increasing social justice at a global level. It is the intention of the Stichting that all activities regarding the received donations will be carried out by Profundo B.V.

J. van Gelder is director of Stichting Profundo Research and director of Profundo B.V.

#### Disclosure of estimates

In applying the principles and policies for drawing up the financial statements, the directors of Stichting Profundo Research make different estimates and judgments that may be essential to the amounts disclosed in the financial statements. If it is necessary in order to provide the transparency required under Book 2, article 362, paragraph 1, the nature of these estimates and judgments, including related assumptions, is disclosed in the notes to the relevant financial statement item.

### General accounting principles

#### The accounting standards used to prepare the financial statements

The financial statements are drawn up in accordance with the provisions of RJK C1 Small Non-Profit Organizations and the firm pronouncements in the Dutch Accounting Standards, as published by the Dutch Accounting Standards Board ('Raad voor de Jaarverslaggeving').

Assets and liabilities are generally valued at historical cost, production cost or at fair value at the time of acquisition. If no specific valuation principle has been stated, valuation is at historical cost.

#### Accounting principles

##### Cash and cash equivalents

Cash at banks and in hand represent cash in hand, bank balances and deposits with terms of less than twelve months. Overdrafts at banks are recognised as part of debts to lending institutions under current liabilities. Cash at banks and in hand is valued at nominal value.

##### Current liabilities

On initial recognition current liabilities are recognised at fair value. After initial recognition current liabilities are recognised at the amortised cost price, being the amount received taking into account premiums or discounts and minus transaction costs. This is usually the nominal value.

#### Accounting principles for determining the result

The result is the difference between the income and the expenses. Income and expenses are allocated to the year to which they relate.



**Provided subsidies and gifts**

The donation income is recognized in the period covered by the donation decisions when the committed grant is more than likely.

**Expenses**

Costs are determined on a historical basis and are attributed to the reporting year to which they relate.



## NOTES TO THE BALANCE SHEET

### ASSETS

#### Current assets

	<u>31-12-2019</u>
	€
<b>1 Cash and cash equivalents</b>	
Triodos Bank	<u>53.796</u>



## LIABILITIES

### 2 Equity

	Result for the year
	€
Balance as at 18 January 2019	-
Result for the year	-1.268
Balance as at 31 December 2019	-1.268

### Short-term liabilities

	31-12-2019
	€
<b>3 Other liabilities and accrued expenses</b>	
Accountants fee	3.932
Research activities still to be paid to Profundo B.V.	36.904
Donation received in advance for period 2020	13.858
Current account Profundo B.V.	370
	55.064

## Off-balance-sheet rights, obligations and arrangements

### Disclosure of contingent liabilities on behalf of group companies

Stichting Profundo Research is financially (and not otherwise) jointly and severally liable in addition to Profundo B.V. for the consequences of lawful (legal) acts that can be attributed to Profundo B.V.



## NOTES TO THE STATEMENT OF INCOME AND EXPENSES

	18-1-2019 / 31-12-2019
	<u>€</u>
<b>4 Donations</b>	
Donation received from OSIFE	102.044
Donation received in advance for period 2020	<u>-13.858</u>
	<u>88.186</u>
<b>5 Outsourced research activities</b>	
Cost of outsourcing of research activities	<u>85.126</u>
<b>6 General expenses</b>	
Accountants fee	3.932
Bank expenses	26
Other general expenses	<u>370</u>
	<u>4.328</u>

Amsterdam, 23 December 2020  
Stichting Profundo Research

J. van Gelder  
Director