

**Annual Report  
Index Initiative  
2018**

**We bring Clarity**

**About Index Initiative Foundation**

Index Initiative develops benchmarks that aim to encourage industries and companies to enhance their contribution to the Sustainable Development Goals (SDGs) closest to their core business. The benchmarks bring clarity on expectations, role and performance.

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## 1 Executive Board Report Index Initiative

### 1.1 Introduction

During the year 2018 the WBA vision, mission and values were set in a session between the founding partners, Index Initiative, Aviva and UN Foundation in August. What they ought to be had crystallised more and more throughout the year until they became evident. We already operated in the spirit of the values, with that mission in mind.

Together with the Alliance, the Supervisory Board, our donors and many other partners, we have some outstanding moments to take collective pride in from the past year. We have had a clear steer towards our vision over the past year, and the work gone into the multi-stakeholder dialogues as part of the global WBA consultation have been incremental in pushing this. The team has travelled far and wide between a number of roundtables and engaged stakeholders academia to corporates. These meetings have resulted in an inclusive cross sectoral [Alliance of 80 leading organisations](#). They all publicly signal their support for our work by joining the Alliance – and many of them joined us in New York in September to finally reap the fruit of all our labour from the consultation. The WBA was officially launched in the New York Public Library to an audience of over 250 people, both new and old partners. This annual report has a pre UNGA phase in which Index Initiative was working on the WBA consultation and a post UNGA starting the WBA and setting up the WBA secretariat.

WBA became an independent legal entity on January 1<sup>st</sup>, 2019, through the transitioning of the Index Initiative whose staff previously acted as the Secretariat for the WBA during its formative months. Now the team consists of 22 employees with the office based in Amsterdam, and a 2019 plan to build a London presence. A number of team members have during 2018 and will continue to work remotely, from locations such as New York, Honolulu, Singapore and London. Having this breadth of reach is important as we develop a global presence. As we grow, we are spending time looking both inwards and outwards, in particular developing our culture and functions as a team, strengthening our attention to diversity and inclusion, for which remote working is a great enabler. We are also taking the time to reflect on how we can develop new ways of working with others through deep diving with the Alliance and interviewing individuals and organisations beyond our immediate stakeholders to shape a truly effective, agile and impactful global institution. The first key steps taken to solidify some of the institutional mechanisms included going through multiple due diligence processes with donors which sparked the internal, organisational cogwheels into motion, and through it both must have and nice to have policies and processes have been put in place. We have from there strengthened some of the driving processes of our governance bodies. As part of this phase we have as of January 1<sup>st</sup> 2019 formally admitted two new Supervisory Board members through the Chamber of Commerce in combination with the legal transition and name change of the Index Initiative Foundation to the World Benchmarking Alliance Foundation.

With this report we hope to shine a little light on all moments to savour and avoid losing sight of as we start building the benchmarks in 2019. We want to extend our deepest gratitude to all the WBA supporters, from those who joined the roundtables and events, to the Alliance, the Supervisory Board, our donors, and Aviva

and the UN Foundation, for their encouragement thus far and for that which they have offered to the future of the institution by committing to the same vision, mission and values as us.

## **1.2 Year in Review**

To ensure the robustness of the benchmark methodology and our initial priority areas, roundtable consultations were developed to ensure that the WBA engaged with a diverse and balanced group of stakeholders. The consultations were held across 10 months in partnership with local WBA Allies in Kuala Lumpur, Cape Town, Nairobi, Mumbai, Buenos Aires, Bonn, Washington D.C. and Amsterdam. They brought together individuals from a wide range of organisations, geographies, sectors and industries to explore how the WBA could best contribute to and improve corporate sustainability performance aligned with the SDGs. Overall, these roundtable consultations helped to examine the potential for WBA benchmarks and the Alliance to drive change. The discussion format was open and inclusive, designed to create a space where participants would feel comfortable sharing their thoughts and insights. The conversation was led by independent facilitators, while remaining flexible and responsive to participants' priority topics.

To ensure the consultation phase was truly inclusive, the team developed and launched online surveys which focused on three complementary target groups: the general public, professionals and key opinion leaders and influencers in the sustainability field.

Following the consultation phase, WBA Allies and founding partners came together in late June 2018 for their first in-person meeting, held just outside of Amsterdam. The discussion focused on sharing and eliciting inputs on the initial findings from the consultation phase, as well as exploring the role of the Alliance, including needs, opportunities, and next steps. Part of the day was also spent exploring and considering how to navigate several competing yet complementary tensions that the WBA will need to continually face as a collaborative platform for impact.

At the end of the consultation phase, just before the official launch of WBA at the 73<sup>rd</sup> UNGA in New York on September 24<sup>th</sup>, 2018, we published our [Final Consultation Magazine](#). Here we collected all the insights gathered during the consultation phase alongside additional inspiring content which detailed the experiences and learnings of the WBA. These insights included guidance on how we should prioritise where to start. The first set of benchmarks was revealed in adjacency to the WBA launch, and are set to address industries critical to food and agriculture, climate and energy, digital technology and gender equality & woman empowerment. The methodologies of these benchmarks will be published throughout 2019 with the first set of benchmarks to be published towards the end of 2019. The WBA will each year start the scoping of new benchmarks. By 2023 WBA will assess the progress of 2,000 companies across seven major areas of transformation (*food and land use; urban and mobility; energy; human development and social; industrial and circular; digital; financial systems*) required to achieve the SDGs.

Wanting to continuously explore new ways of partnering to maximise our impact, we gathered once again with a smaller group of Allies at the Rockefeller Foundation's Bellagio Center in order to be more practical in our working relationships. Stakeholders have been at the heart of the WBA's purpose from the outset and

the [Alliance](#) is a testimonial to this. Through the Alliance we harness the ambition to create an inclusive, representative and balanced group, which is essential to the effectiveness, risk management and long-lasting impact of the WBA. The number currently stands just above 80 organisations which we intend to grow to 125 by the end of 2019 and 250 by 2023 – still maintaining a healthy balance between the different stakeholder groups.

### 1.3 Some Highlights – Index Initiative



As part of its consultation phase, the WBA held a series of in person roundtables and three online surveys intended for different audiences: the general public, professionals and key opinion leaders and influencers in the sustainability field. The results from these roundtables and surveys provided insights into what people across the world believe needs to happen to make the world a better place in 2030, including which SDGs and industries are most influential to accelerate positive change. Each layer

of the online consultation received a high response rate, of 10,510 respondents for the social layer, 400 for the professional layer and 445 for the expert layer. The results of this phase were captured in an extensive [final consultation publication](#) that captured all the challenges and opportunities of the period.



On September 24<sup>th</sup>, the World Benchmarking Alliance was officially launched on the eve of the General Debate of the 73rd session of the United Nations General Assembly. The event was held at the New York Public Library with over 300 individuals representing a broad spectrum of partners and Allies – from academia, to philanthropists, to private sector representatives – and was structured as a celebratory evening to look back on the success of the year-long consultation phase, signal the WBA’s path forward as an independent institution, and launch the initial set of benchmarks for development throughout 2019 and

2020.



Throughout 2018, and in particular in response to the launch in September, the WBA continued seeing increased visibility in media and in high profile events. At the 35<sup>th</sup> session of ISAR on October 24<sup>th</sup>, the WBA together with Aviva were awarded for joint efforts to facilitate and improve companies' sustainability reporting, and for the good use of data on companies' contribution to the SDGs. Less than a month later on November 13<sup>th</sup>, the newly launched Paris Peace Forum announced that WBA was one amongst its ten winning initiatives working to demonstrate

value, power and impact of multi-stakeholder partnerships that provide concrete solutions to driving SDG progress. Over the coming year, the Forum will work to help the WBA scale its ambition, including through partnerships and outreach support.



Between November 20-23, 2018, the WBA convened a group of approximately 15 Allies to engage in a deep-dive session on how to maximise the impact of the WBA's efforts to create free, publicly available benchmarks ranking companies on their contributions to achieving the SDGs. The conference brought together Allies to begin forming the basis of a large-scale and inclusive global coalition reflecting the spirit of partnerships that lies at the heart of the SDG framework.

During its launch at UNGA, the WBA also announced its first five benchmarks to be developed during 2019:

**Seafood Stewardship Index:** Demonstrate how the world's leading seafood companies contribute to the sustainable management of our oceans and coastal ecosystems, as well how they help ensure responsible social practices are implemented in all stages of the supply chain. The [Seafood methodology](#) was launched for an 8-week public consultation on October 22<sup>nd</sup> which provided stakeholders the opportunity to reflect on and input into the scope and the measurement framework of the benchmark.

**Corporate Climate Action Benchmark:** In partnership with CDP, a not-for-profit charity that runs a global (environmental) disclosure system, the benchmark will demonstrate how companies in high carbon-emitting industries are contributing to the Paris Agreement and SDG 13.

**Gender Empowerment and Equality Benchmark:** the benchmark will demonstrate how companies address key themes, from discrimination and gender-based violence to unpaid care and access to resources. The gender [scoping report](#) was released on November 7<sup>th</sup>.

**Digital Inclusion Benchmark:** Demonstrate how companies contribute to ensuring that the benefits from information and communication technologies are broadly enjoyed. Company contributions are tracked across four dimensions of the digital divide: material access (e.g. connectivity and content), skills, use, and innovation.

**Food & Agriculture Benchmark:** Demonstrate where companies across the food and agricultural value chains contribute to a transformation of our food system that provides nutritious food for all, produced within our planetary boundaries while ensuring decent livelihoods for farmers and workers.

#### **1.4 Governance activities**

The Index Initiative held quarterly Supervisory Board meetings on January 18<sup>th</sup>, May 15<sup>th</sup>, September 12<sup>th</sup> and December 18<sup>th</sup>. The Index Initiative Supervisory Board was informally joined by Kirstine Cooper, Aviva, and Elizabeth Cousens, UN Foundation, in September to both integrate the WBA's founding partners into its governance as well as part of the effort to build a diverse board with unique sets of experience and perspectives that challenges the Executive Board and applies the right pressure points.

#### **1.5 Changes in Governance Model**

In the structure as a result of the demerger, three foundations were operating together under Dutch law. These foundations were the (i) St. Index Alliance Foundation, (ii) St. Index Initiative Foundation and the (iii) St. Access to Seeds Foundation. This demerger was intended to leverage synergies, strengthen cooperation and enable the exchange of staff between the index foundations.

The World Benchmarking Alliance wishes to make its governance structure more transparent and lean. The possibilities were discussed and this resulted in the conclusion that the most desired outcome would be the one where the three foundations would be reduced to a single entity. Since the date of establishment is of importance in the field in which WBA operates, a course of action would be advisable where the name of the Index Alliance Foundation is changed to the 'World Benchmarking Alliance Foundation', the balance sheets of the Index Initiative Foundation and the Access to Seeds Foundation (both: dissolving foundations) are cleared by moving their activities to the WBA. In this way the WBA will have the date of incorporation be 13-10-2011.

The first step was to change the articles of association of the Index Alliance Foundation. Firstly, the name was changed to the 'World Benchmarking Alliance Foundation'. Secondly, the statutory object of the foundation has been changed to fit the new situation. And thirdly, the appointment procedure of the Executive Board has been changed and initial Supervisory Board members have been put in place with additional governance bodies being formed throughout 2019. As per December 19<sup>th</sup> 2018 the articles of association has been changed and per December 28<sup>th</sup> 2018 all modifications were incorporated by the Chamber of Commerce.

Preparations have been made to dissolve the Index Initiative Foundation. Here to, the balance sheet must be cleared. This means that all activities will be terminated or moved to the WBA in 2019. The Index Initiative Foundation will be dissolved in 2019. Access to Seeds Foundation will determine whether the foundation will

continue as a separate legal entity and what opportunities they see as a WBA downstream partner or to initiate the procedure as well to clear their balance sheet and transfer their assets to the WBA, and approves the decision to dissolve. If Access to Seeds Foundation should decide that it wishes not to be dissolved, an alternative course of action would be to amend the articles of association of Access to Seeds Foundation in such a way that no reference is made to the World Benchmarking Alliance Foundation, thus ensuring a clean separation between the World Benchmarking Alliance Foundation and the Access to Seeds Foundation.

As Kirstine Cooper and Elizabeth Cousens formally joined the WBA Supervisory Board on the 1<sup>st</sup> of January 2019, Steve Waygood stepped down from his seat but will keep advising WBA in strategic decisions. Their admission to the WBA Supervisory Board is a means to maintain working relationships with the WBA founding partners, and the remaining of Wim Leereveld and Josien Piek ensures continuity. The Supervisory Board will secure an independent Chair to replace Wim Leereveld. This Chair will then be in charge of populating the rest of the Board to ensure nearly full composition by September 2019.

Throughout the consultation period and up until the launch of the institution in September, WBA built a governance system that would best suit the necessary flexibility both in each of the aforementioned phases, as well as in the transition between the two. This flexibility was imperative to allow the WBA institution to grow without any major re-design to its governance structure in the future. Research, consultations and in-depth expert interviews suggested that a minimum viable governance structure consisting of a WBA Supervisory Board, a WBA Advisory Council (currently a Donor Committee with a potential Science Committee to be formed at a later stage), independent Expert Review Committees for each benchmark and a WBA Secretariat would be reflective of best practice, and would ensure that these important bodies of the WBA are fully operational and successfully the WBA as it grows to its full size. This structure will be solidified together with the new Board members to be admitted across 2019.

## 1.6 Supervisory Board Index Initiative / WBA

Supervisory Board - St. Index Initiative Foundation
<ol style="list-style-type: none"><li>1. Wim Leereveld (Chair)</li><li>2. Josien Piek</li><li>3. Steve Waygood</li></ol>

Supervisory Board - St. World Benchmarking Alliance Foundation
<ol style="list-style-type: none"><li>1. Wim Leereveld (Chair)</li><li>2. Josien Piek</li><li>3. Kirstine Cooper</li><li>4. Elizabeth Cousens</li></ol>



## 1.7 Figures 2018

In 2018, Index Initiative's main activities were primarily focused on the consultation phases of the World Benchmarking Alliance. This included research and advisory services, global and regional roundtables, communications, institutional design and governance counsel, and management of core Secretariat functions. 2018 also marked the start in the development of the Seafood Stewardship Index and the Corporate Climate Action Benchmark.

The preparations for the consultation phase of the WBA began in September 2017, leading to an official launch of the consultations in September 2018 during the 72<sup>nd</sup> United Nations General Assembly (UNGA) in New York. This consultation phase consisted of a series of roundtable discussions across the world and three online surveys to gather insights from the general public, professionals and key opinion leaders and influencers in the sustainability field.

The costs related to the above-mentioned objectives were covered by funding from the Dutch Ministry of Foreign Affairs, the Dutch Ministry of Economic Affairs, UK's Department for international Development and the Ministry of Foreign Affairs of Denmark. Index Initiative also received in kind support of Aviva PLC.

Regarding the actual figures for 2018, the following categories are worth noting:

### *Salaries and other personnel expenses*

The salaries and wages for Index Initiative increased significantly, compared to 2017. This was mainly caused by the scale and impact of the World Benchmarking Alliance. As a result, Index Initiative needed to expand its team over the course of 2018 as well as increasing the hiring of external contractors, who provided specific expertise needed for the development of the benchmarks and launching the WBA.

### *Social security and pension contributions*

The expansion of the Index Initiative team subsequently led to a significant increase of the legally required contributions for social security and pensions.

### *Travel expenses*

A major part of the employee expenses was spent on travel expenses in order to participate in and host several global and regional roundtables.

### *Consultancy expenses*

Most of the costs were related to PR and communications, research/downstream partners and governance. This investment is mainly for the World Benchmarking Alliance, this helped to establish the presence, support and to familiarise the different stakeholders with the organisation as well.

## 1.8 Continuity

Our journey so far has been made possible through (ODA) funding from the British (DfID), Dutch (DMFA) and Danish (Danida) governments. In addition to DMFA and DfID having confirmed new grant agreements to accelerate the WBA from its consultative phase to delivering its benchmarks, the philanthropic arm of our

founding partner Aviva has also contributed the first tranche of non-ODA funding to the pool. Aviva's support is crucial in order to free up pots of the budget for non-ODA activities and allows us to be devoted to the universality of the SDGs.

Alongside the interest of the European Commission (EC), Sweden (SIDA) and Norway are currently reviewing a multiyear funding proposal, and we are seeing progress after ongoing conversations with Germany (GIZ). We aim to continue to build a coalition of governments to allow the WBA to scale over the next years. In addition to governments, WBA means to continue building its strategy around philanthropic income generation and engagement, as an equally important key to unlocking the hybrid funding model potential that allows for agility in our priorities. We have for example, received a grant from the Porticus Foundation in order to scope the business case for establishing a WBA public policy unit – this work would build the foundation of future policy engagement and complement many EC policy objectives.

### **1.9 Outlook 2019**

Following the official launch of the WBA the institution in September 2018, 2019 will be a pinnacle year for developing and strengthening the WBA as an independent, global institution. The coming year will mark a strategic time as we are transitioning from a period that has been primarily reactive to now becoming proactive, as we look to solidify our internal process and strategies, the critical pillars that will help us become a delivery oriented institution.

- **Benchmarks & Research**

All benchmarks are at different stages in their development cycle but our objective is to have the youngest benchmarks ready for data collection in Q1 2020.

- **Organisational Capacity**

In order to push the benchmarks through the pipeline we need to grow our human capital and skill. We will have filled the Executive Board with a Research Director and an Engagement Director by Q1. The research capacity provided through downstream partners will be key to deliver on our commitments.

- **Engagement & Alliance**

The Alliance legitimises the benchmarks and the more knowledge we gather within it, the more robust the methodology and the further the reach. Our aim is to expand the Alliance to 125 by end 2019.

- **Governance**

To ensure WBA's credibility and independence, we need to back all of the above with robust governance structures and Board composition. We will have installed a Chair by Q1 and aim to grow the Board to desired composition of 9 members by Q3.

### **1.10 Concluding Remarks**

The organisation continues to make dramatic leaps forward each year, and has since this time last year grown to employ 22 members of staff, expanded the Alliance to over 80 organisations, have started populating a Supervisory Board and have significantly more donors in its pipeline.

2018 has been a year where WBA has felt the ripples of external forces and have often danced along to the tunes of external needs and demands. Whilst being accommodating and open is something that we pride ourselves with, it is still a challenge to make the space necessary for both the work that is intrinsically important to us as well as balancing and honouring the work that comes from outside.

Once we took the step back and allowed ourselves a moment to breathe, we realised that there are a lot of gaps that we want to fill without waiting for permission. The latter parts of 2018 have therefore been a period where we have made prioritising a priority. We have held multiple sessions to really solidify our strategic goals for six, twelve, eighteen months ahead and determine how we best make use of our own time to produce the work that we want to realise, and to the quality that is imperative.

Amsterdam, March 19, 2019

Gerbrand Haverkamp  
Executive Director

## 2 Balance Sheet as at December 31, 2018 (After Appropriation of Result)

ASSETS	Note	12/31/2018		12/31/2017	
		EUR	EUR	EUR	EUR
<b>Non-current assets</b>					
Property, plant and equipment	4		-		10.225
Financial fixed assets	5		-		9.200
<b>Current assets</b>					
Receivables, prepayments and accrued income	6		156.202		39.500
Cash and cash equivalents	7		2.107.094		667.989
			2.263.296		726.914
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Destination fund	8		920		920
<b>Current liabilities</b>					
Accounts payables		179.537		55.632	
Taxes and social security contributions	10	32.389		-	
Deferred income	11	1.893.298		431.202	
Other debts and accruals	12	157.152		239.160	
			2.262.376		725.994
			2.263.296		726.914

### 3 Statement of Income and Expenses for the year ended December 31,2018

	Note	Budget 2018 EUR	Results 2018 EUR	Results 2017 EUR
<b>Income</b>				
Grants and subsidies	14	3.249.619	2.725.690	1.024.815
Exchange difference	15	-	3.249	(1)
<b>Total income</b>		<b>3.249.619</b>	<b>2.728.939</b>	<b>1.024.814</b>
<b>Expenses</b>				
Salaries and wages	16	1.740.788	1.211.182	560.288
Social security and pension contributions	17	270.780	129.630	65.067
Other personnel expenses		100.597	148.817	29.411
Depreciation of plant, property and equipment		2.101	12.673	1.983
Travel expenses		61.800	176.385	65.908
Financial expenses		2.400	1.368	343
Housing expenses		21.031	63.249	35.616
Consultancy expenses		1.040.668	959.144	234.057
Supplies and similar expenses		9.454	26.491	32.140
<b>Total expenses</b>		<b>3.249.619</b>	<b>2.728.939</b>	<b>1.024.814</b>
<b>Net result</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>Distribution of net result</b>				
Addition to destination fund			-	-

## 4 Notes to the Financial Statements

### 1. General information

#### 1.1 Activities

Stichting Index Initiative Foundation (the 'Foundation'), domiciled in Amsterdam, the Netherlands, is a foundation ('stichting') incorporated according to Dutch law. The Foundation's registered office is Mauritskade 63, 1092 AD Amsterdam. The visiting address of the Foundation is Rhijnspoorplein 28, 1018 TX Amsterdam.

The Index initiative Foundation was established to develop benchmarks that aim to encourage industries and companies to enhance their contribution to the Sustainable Development Goals (SDGs) closest to their core business.

The Foundation was established on December 8, 2017 and its first accounting period ended on December 31, 2017. Thereafter, the Foundation has reported its figures on a calendar-year basis (12 months). The current reporting period covers the period from January 1 to December 31, 2018.

#### 1.2 Going concern

The equity of the Foundation amounts to EUR 920 as at December 31, 2018.

The funding needs for the following book year are mainly covered by the Dutch Ministry of Foreign Affairs, Department for International Development (DfID) and Aviva. Additional grants are being and will be requested from various funders in order to ensure continuity for the publication of benchmarks.

The continuity of the Foundation depends to a significant extent on the willingness of funding organizations to continue these financing facilities. On this basis, the accounting principles applied to the valuation of assets and liabilities and the determination of results in these financial statements are based on the assumption of continuity of the Foundation.

#### 1.3 Estimates

In applying the principles and policies for drawing up the financial statements, the management of the Foundation makes 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.

## 2 Accounting policies for the balance sheet

### 2.1 General information

The financial statements have been prepared in accordance with the Guideline for Annual Reporting 640 'Non-profit Institutions' of the Dutch Accounting Standards Board.

Assets and liabilities are generally valued at historical cost or at fair value at the time of acquisition. If no specific valuation principle has been stated, valuation is at historical cost. In the balance sheet, statement of income and expenses, references are made to the notes.

### 2.2 Prior-year comparison

The accounting policies have been consistently applied to all the years presented.

### 2.3 Foreign currencies

#### 2.3.1 Functional currency

The financial statements are presented in euros, which is the functional and presentation currency of the Foundation.

Items included in the financial statements of the Foundation are measured using the currency of the primary economic environment in which the respective Foundation operates (the functional currency).

### **2.3.2 Transactions, assets and liabilities**

Foreign currency transactions in the reporting period are translated into the functional currency using the exchange rates stated in OANDA prevailing on the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the rate of exchange prevailing on the balance sheet date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates are recognized in the income statement.

Translation differences on non-monetary assets held at cost are recognized using the exchange rates prevailing on the dates of the transactions.

### **2.4 Property, plant and equipment**

Property, plant and equipment are stated at historical cost plus expenditure that is directly attributable to the acquisition of the items, less straight-line depreciation over their estimated future useful lives. Allowance is made for any impairment losses expected on the balance sheet date.

### **2.5 Financial fixed assets**

Financial fixed assets like deposits are valued at historical cost or manufacturing price. Impairment losses are deducted from amortised cost and expensed in the income statement.

### **2.6 Receivables**

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost. If payment of the receivable is postponed under an extended payment deadline, fair value is measured on the basis of the discounted value of the expected revenues. Interest gains are recognized using the effective interest method. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables.

### **2.7 Cash and cash equivalents**

Cash and cash equivalents include cash in hand, bank balances and deposits held at call with maturities of less than 12 months. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet. Cash and cash equivalents are valued at nominal value.

### **2.8 Current liabilities and deferred income**

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost, being the amount received taking into account any premium or discount, less transaction costs.

Any difference between the proceeds (net of transaction costs) and the redemption value is recognized as interest in the income statement over the period of the borrowings using the effective interest method.

All donor payments received by the Index Initiative Foundation but not spent, are presented as 'deferred income' under current liabilities.

## **3. Accounting policies for the income statement**

### **3.1 General information**

The result is determined as the difference between total income and total expenses. Income and expenses are recognized in the income statement in the period that they are realized.

### **3.2. Grants and subsidies**

Grants and subsidies are recognized as income when there is reasonable assurance that they will be received and that the Foundation will comply with the conditions associated with these contributions. Grants and subsidies that compensate the Foundation for expenses incurred are recognized as income on a systematic basis in the same periods in which the expenses are recognized.

### **3.3 Financial income**

Interest income is recognized on a time-weighted basis, taking into account the effective interest rate of the assets concerned.

### **3.4 Other income**

Other income refers to incoming amounts other than grants and subsidies and is recognized as income when there is a reasonable assurance that the contribution will be received.

### **3.5 Exchange differences**

Exchange differences arising upon the settlement or conversion of monetary items are recognized in the income statement in the period that they arise.

### **3.6 Expenses**

Development costs for the benchmarks created by the Index Initiative Foundation are recognized as expenses, since no future benefits are expected.

The Foundation is the owner of the intellectual property rights of the Index Initiative benchmarks. These rights are internally developed and on that basis not capitalized (in accordance with Dutch law).

### **3.7 Employee benefits**

Salaries, wages and social security contributions are reported on the income statement based on the terms of employment, where they are due to employees.

### **3.8 Depreciation**

Property, plant and equipment are depreciated over their estimated useful lives from the inception of their use. Future depreciation is adjusted if there is a change in estimated future useful life.

### **3.9 Financial expenses**

Interest paid is recognized on a time-weighted basis, taking into account the effective interest rate of the liabilities concerned. When recognizing interest paid, allowance is made for transaction costs on loans received as part of the calculation of effective interest.

### **3.10 Taxes**

The Foundation is exempt from both income taxes and VAT.



#### 4 Property, plant and equipment

Movements in property, plant and equipment can be broken down as follows:

	Equipment EUR	Total EUR
<b>Balance as at December 31, 2017</b>		
Cost	13.010	13.010
Accumulated depreciation	(2.785)	(2.785)
Book value	10.225	10.225
<b>Movements in book value</b>		
Additions	2.448	2.448
Depreciation	(12.673)	(12.673)
Balance	(10.225)	(10.225)
<b>Balance as at December 31, 2018</b>		
Cost	15.458	15.458
Accumulated depreciation	(15.458)	(15.458)
Book value	-	-
Depreciation rate	33%	

#### 5 Financial fixed assets

	31-12-2018 EUR	31-12-2017 EUR
Security deposit for rental payments	-	9.200

#### 6 Receivables, prepayments and accrued income

	31-12-2018 EUR	31-12-2017 EUR
Current account Index Alliance Foundation	45.782	-
Dutch Ministry of Foreign Affairs final installment	44.752	-
Dutch Ministry of Economic Affairs final installment	30.200	30.200
Prepayments	17.735	9.300
Security deposit for rental payments	9.200	-
Other receivables	8.533	-
	156.202	39.500

The fair value of the receivables equals the book value, given the short-term character of these receivables.

#### 7 Cash and cash equivalents

Cash and cash equivalents are at the Foundation's free disposal.

## 8 Equity

### Destination fund

Movements in the Foundation's reserves can be broken down as follows:

	Destination fund EUR
Balance as at January 1, 2017	920
<b>Movements</b>	
Result for the year	-
Balance as at December 31, 2017	920
Balance as at January 1, 2018	920
<b>Movements</b>	
Result for the year	-
Balance as at December 31, 2018	920

The destination reserve is a restricted reserve, the utilization of which is subject to approval by the funders.

## 9 Current liabilities

All current liabilities are due in less than one year. The fair value of the current liabilities approximates the book value due to their short-term character.

## 10 Taxes and social security contributions

	31-12-2018 EUR	31-12-2017 EUR
Wage Tax	32.389	-

## 11 Deferred income

Deferred grant income equals EUR 1.893.298 (2017: EUR 431.202).

EUR 1.659.450 granted by Aviva PLC, EUR 113.000 by Porticus, EUR 71.788 by the Dutch Ministry of Foreign Affairs and the remaining EUR 49.060 by the UK's Department for international Development.

EUR 1.659.450 and EUR 113.000 granted by Aviva PLC and Porticus respectively were received in December 2018. However, these grants are with regards to 2019 and onwards.

The Index Initiative Foundation allocated the grant arrangements based on the costs as budget in the funding proposals for each funder and recognised it as income for the period to which it is related.

## 12 Other debts and accruals

	31-12-2018 EUR	31-12-2017 EUR
Accrued vacation allowance	32.718	14.909
Accrued vacation days	21.986	16.563
Current account Access to Seeds Foundation	4.977	158.373
Accrued auditor's fees	3.388	3.328
Current account Index Alliance Foundation	-	3.084
Other liabilities	94.083	42.903
	157.152	239.160

### 13 Contingencies and commitments

#### Financial obligations

The Index Initiative Foundation has no office rent obligation as per 1 January 2019.

The rent obligation has been terminated with WeWork Metropool B.V.

### 14 Grants and subsidies

	Results 2018	Results 2017
	EUR	EUR
United Nations Foundation	1.424.948	375.026
Dutch Ministry of Foreign Affairs	988.868	506.359
UK's Department for International Development	304.304	-
Dutch Ministry of Economic Affairs	7.570	143.430
	2.725.690	1.024.815

The United Nations Foundation served as the fiduciary agent between the Foundation and the Danish Ministry of Foreign Affairs and UK's Department for International Development. This grant agreement was with regards to the inception and consultation phases ending in November 2018.

As of September 2018 the institution was launched and a new grant agreement was signed with the Dutch Ministry of Foreign Affairs. As of September 2018 the total grant allocated to that new grant agreement is EUR 528.212. The amount allocated to the previous grant agreement, with regards to the Consultation Phase, ending August 31st, 2018, was EUR 460.656. The total grant allocation for the Dutch Ministry of Foreign Affairs over 2018 totals EUR 988.868.

The grant allocation of EUR 304.304 for UK's Department for International Development is with regards to the grant agreement starting on November 12, 2018.

The grant allocation of EUR 7.570 for the Dutch Ministry of Economic Affairs is for the period January - March 2018. This grant agreement ended on March 31, 2018.

### 15 Exchange rate differences

	Results 2018	Results 2017
	EUR	EUR
Exchange rate differences	3.249	(1)

### 16 Salaries and wages

	Results 2018	Results 2017
	EUR	EUR
Gross salaries and wages	657.521	420.307
Vacation allowance	55.177	25.456
Vacation days	5.764	12.401
Other salaries	492.720	102.124
	1.211.182	560.288

### 17 Social security and pension contributions

	Results 2018	Results 2017
	EUR	EUR
Social security charges and pension costs	94.928	46.005
Compensation health care insurance	34.702	19.062
	129.630	65.067

### 18 Audit fees

The following audit fees were expenses in the income statement in the reporting period.

	Results 2018	Results 2017
	EUR	EUR
Statutory audit of annual accounts	3.388	3.328
Other audit fees	968	908
	4.356	4.236

### 19 Average number of employees

During the financial year, the average number of employees, based on full-time equivalents, was 10.6 (2017: 6,1).

### 20 Management remuneration

During the reporting period, Index Initiative paid EUR 107.034 as remuneration for its Executive Director (2017: EUR 98.240 ). Additionally, the Supervisory Board members of the Foundation were paid EUR 7.515 as a reimbursement of expenses (2017: EUR 3.659).

	Results 2018	Results 2017
	EUR	EUR
Gross wage salary	93.672	86.413
Social charges	10.710	9.548
Pension charges	2.652	2.279
	107.034	98.240

Amsterdam, March 19<sup>th</sup>, 2019

Executive Board

Supervisory Board

Gerbrand Haverkamp  
Executive Director

Wim Leereveld  
Chairman

## 5 Independent Auditor's Report



**VAN NOORT GASSLER & CO**  
Audit, Accounting, Tax  
The Netherlands



### 5 INDEPENDENT AUDITOR'S REPORT

To: the Board of Stichting Index Initiative Foundation

#### 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 Index Initiative Foundation, based in Amsterdam.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Stichting Index Initiative 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 December 31, 2018;
2. the Statement of Income and Expenses for the year ended December 31, 2018; and
3. the Notes to the Financial Statements 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 Index Initiative 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:

- The Executive Board Report Index Initiative;
- Other information.

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

- is consistent with the financial statements and does not contain material misstatements;
- contains the information as required by the Guideline for annual reporting 640 'Not-for-profit organisations' of the Dutch Accounting Standards Board.

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 Executive Board Report 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 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 is responsible for such internal control as the board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

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Chamber of Commerce 27170004 | VAT NL0092.79.179.B.01

founded in 1919



As part of the preparation of the financial statements, the board is responsible for assessing the foundation's ability to continue as a going concern. Based on the financial reporting framework mentioned, the board should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The board should disclose events and circumstances that may cast significant doubt on the company'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 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 company'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 company to cease to continue as a going concern;
- evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance 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.

Bloemendaal, March 21<sup>st</sup>, 2019

JPA Van Noort Gassler & Co B.V.

Original signed by  
R. van Dijck MSc RA  
*Chartered public accountant*

**Disclaimer**

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