We succeeded in some things and failed in others. In both cases we learned, innovated, and continued.
Justice innovation in 2016

Life always continues and is interconnected. So drawing a line in the sand of time and saying “this is 2016” and “this is 2017” is odd. At the same time that line is useful. It creates a moment to look back, take stock of where you stand and based on that, move forward. That’s what this report does.

In a world where rule of law as we know it is not taken for granted anymore, we had a volatile year ourselves. We succeeded in some things, failed in others, and like to think that we learned in both instances.

In the past year we worked in twelve countries: Nigeria, Kenya, Uganda, Jordan, Tunisia, Lebanon, Mali, Canada, Bulgaria, Ukraine, The Netherlands, and the United Arab Emirates. In each of these countries we aim to contribute practically to more access to justice.

It is what we have been measuring all year with our JNS survey tool: the justice needs and the respectfulness of the processes that are supposed to deal with those needs. 2016 will be remembered as the year in which our JNS measuring tool was deployed wider than ever before. More and more governments are starting to see that building rule of law and increasing access to justice starts with data about the needs of the users of the system. Two reports concerning Uganda and Ukraine show that the needs in both countries are plentiful and the justice journeys to meet them are full of potholes, nasty bends, and sudden dead ends. They show what we have also seen in other countries: there are so many unmet justice needs. Too many people give up. A staggering 44% of Ukrainians and 35% of Ugandans do nothing when faced with a serious justice problem. The ‘not even trying’ figures for specific legal needs like employment disputes are even higher. Less than 15% of Ukrainians who had disputes around their employment relationship took them to court. Too many people don’t understand the complex procedures. Women get a lot less justice than men. But we also see the magic of data: it gets government, media, civil society, academia, donors, and business talking about developing better justice journeys for the most serious justice needs. And that gives us all kinds of openings to start fostering coalitions for change around our justice needs data. Minds open up, things become accessible enough and polarize themselves. We ended the year with more worry about the responsiveness of state justice institutions to justice needs of their citizens and less optimistic about how this can be changed compared to our earlier trend reports. One moment stands out: during one of the sessions of the Justice Entrepreneurship School we asked the ten winning innovation teams what their experiences were of the formal justice system institutions – the ministries of justice, the judiciaries, the bar associations, the legal aid boards, and the like. Sadly, not one of them could mention anything positive they had experienced. In all ten countries the winners came from the institutions were seen as hurdles to overcome or to actively avoid dealing with. Though the need for change is bigger than ever, resistance to change remains tough. This is something we urgently need to deal with, a point I made with Gillian Hadfield in the Trend Report we published on online dispute resolution platform Rechtwijzer in its current form. The platform has received acclaim in over 60 national and international media outlets, including The Economist. Innovative as it is, we have not been able to make it financially viable in the way we had hoped. We learned that getting to a mutually reinforcing partnership with the traditional justice institutions to scale up a platform like Rechtwijzer is difficult. So we decided to run it as a separate legal entity, with separate management, and funded separately from HiiL. Through social impact investors. The expertise and knowledge that we built up around designing innovative procedures will remain within HiiL, and be developed as a product going into 2017. Two results we are already very proud of in this regard: Firstly, the Trend Report we published on online dispute resolution and the courts, which was widely read. Secondly, an innovative plan we developed to deal with the problems caused by the current divorce procedures in The Netherlands, which was selected as one of four winners from 500 submissions in the Dutch Divorce Challenge.

HiiL was very proud to see two initiatives it helped develop in previous years prosper. The Wildlife Justice Commission completed an investigation into a big trafficking hub in Vietnam and held a successful first public hearing in the Peace Palace. I pay tribute to its brave and extremely dedicated team. The Justice Leadership Group – with whom HiiL has worked closely in the past year and will continue to do so in 2017 – organised a Justice Dialogue in Amman to already start the thinking about rebuilding the justice system in Syria, based on the needs of citizens.

I started this note by expressing concern regarding the state of rule of law. In this time of confusion and polarization, rule of law as a way of stabilizing relations and building bridges to fairness is more important than ever. Both between people and between people and their government. Many of the procedures that justice systems offer are still not accessible enough and polarize themselves. We ended the year with more worry about the responsiveness of state justice institutions to justice needs of their citizens and less optimistic about how this can be changed compared to our earlier trend reports. One moment stands out: during one of the sessions of the Justice Entrepreneurship School we asked the ten winning innovation teams what their experiences were of the formal justice system institutions – the ministries of justice, the judiciaries, the bar associations, the legal aid boards, and the like. Sadly, not one of them could mention anything positive they had experienced. In all ten countries the winners came from the institutions were seen as hurdles to overcome or to actively avoid dealing with. Though the need for change is bigger than ever, resistance to change remains tough. This is something we urgently need to deal with, a point I made with Gillian Hadfield of our Programmatic Steering Board in a blog on the website of the World Economic Forum with which we ended the year.

We take heart at the fact that our message promoting access to justice is increasingly being noticed. Besides periodically featuring in the news, our justice innovation approach was also the subject of a TV documentary – with both a Dutch and English language version. With some apprehension about the state of rule of law, we also started 2017 with confidence. Our portfolio of contracts is fuller than it has ever been. As I write, data collection in Tunisia is completed and has started in Jordan, Lebanon, and Kenya. The Acceleration Track with the 10 winning justice entrepreneurs is unfolding. We will roll out a new scouting process and are confident that we will have a new cohort of promising justice entrepreneurs at the end of the 2017. We are also starting to see new opportunities for Rechtwijzer, in another form, but still geared towards delivering better justice than currently on offer. We expect to start implementing our winning plan for the Dutch Divorce Challenge. And while we ended the year with some changes to the team, with some of our talented young justice advisers moving to great opportunities elsewhere with our full support, we have also been able to attract new, high-level talent.

I end with a word of thanks. What we were able to do in 2016 would also not have been possible without our strong strategic partnerships with the Dutch and Swedish ministries of foreign affairs, the Ford Foundation, the municipality of The Hague, the ministry of justice of the United Arab Emirates, and the Justice Leadership Group. We thank them. And we also deeply thank all our Board members, stakeholders, supporters, amplifiers, and champions for being with us during the past year. We have a lot of work to do and look forward to doing it with you.
An estimated 4 billion of the world’s population does not have adequate access to justice. Justice systems can offer a lot more value for money.

Making justice journeys work and universally accessible.

Our projects are based on collective learning and on exchange of solutions from different cultures.

We take a neutral perspective, focusing on what is perceived as more or less fair by the people involved.

Research and best practices are the backbone of our work.

Our approach focuses on introducing innovation to the justice system.

- We collect data about the justice needs of citizens and their satisfaction with what is on offer to meet those needs
- We take that data to governments, judiciaries, civil society organisations, business organisations, and justice entrepreneurs
- With them, we co-design concrete innovations that meet the most urgent justice needs

The first Impact Report of the HiiL Justice Accelerator has indicated that, through supporting a community of 384 innovations over 5 years, the Justice Accelerator has provided various forms of access to justice to more than 1.4 million people since 2012.

In 2017 we will develop a measuring impact methodology for all our activities.

The foundation was in 2016 mainly funded by public money.

- Public (government, international organisation, etc.)
- Private (business, law firm, etc.)
- Foundation (philanthropy)

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HiIL Measuring Justice

Performance in brief
- Justice Needs and Satisfaction reports released in Uganda and Ukraine to wide audiences of stakeholders, policy makers, and journalists
- Extensive local media coverage in newspaper, websites, and TV around those releases
- Data collected in Uganda, Ukraine, Tunisia, and the UAE
- New data collection prepared for Kenya, Bangladesh, Jordan and Lebanon (results for 2017)
- More than 20,000 randomly selected people were interviewed
- 102 in-depth interviews collected the stories of the people who need justice
- Beta version of Justice Needs and Satisfaction Dashboard finalized
- Coalition building around completed surveys in Ukraine (employment justice) and Uganda (family justice)

Financials
- Net revenue: € 697,000
- Turnover: € 1,082,000
- Costs: € 616,000
- 40% growth in turnover compared to last year
- FTEs: 4.3
- Key clients: the Dutch Ministry of Foreign Affairs, Swedish Agency for International Development, United Arab Emirates Ministry of Justice, the Government of Kenya, through the World Bank

Substance
In Ukraine, the Justice Needs and Satisfaction report was publicly presented in partnership with UNDP. More than 50 stakeholders from the justice system attended the launch: policy makers, civil society organisations and other experts. The data triggered rich discussions about the approaches to the justice needs of the people, the pace and the directions of the reforms as well as the need for legal innovation. To a significant extent, the collected data and the process led to the success of the Justice Innovation Challenge that was launched in Ukraine.

The launch of the Ugandan study was done in partnership with the Ugandan Justice Law and Order Sector (JLOS) Secretariat. It brought together the leadership of the country’s judiciary, representatives from civil society and the international community. As Honourable Principal Judge Yorokamu Bamwine said during the event: “We should not be offended by these findings, just focus on change, the rest will come naturally.” The discussions triggered important questions the legal foundation of the Local Council Courts. On 17 January 2017 long overdue elections for Local Council Courts were held in Uganda. Many observers see the connection between our

Findings from the Justice Needs and Satisfaction report released in Uganda and Ukraine to wide audiences of stakeholders, policy makers, and journalists. Extensive local media coverage in newspaper, websites, and TV around those releases. Data collected in Uganda, Ukraine, Tunisia, and the UAE. New data collection prepared for Kenya, Bangladesh, Jordan and Lebanon (results for 2017). More than 20,000 randomly selected people were interviewed. 102 in-depth interviews collected the stories of the people who need justice. Beta version of Justice Needs and Satisfaction Dashboard finalized. Coalition building around completed surveys in Ukraine (employment justice) and Uganda (family justice).

In Kenya the World Bank funded a large-scale study of the justice needs in everyday life. The study will be conducted through household interviews with randomly selected individuals from 28 countries. Results from the Kenyan study are expected in 2017. The efforts invested in 2016 will significantly increase of HiIL’s data warehouse of justice needs of people from around the globe. A special feature of the surveys we performed in 2016 is the attention for a vulnerable group that was frequently in the news: refugees. In Ukraine we added a special survey sample directed at the justice needs and satisfaction of Internally Displaced Persons (IDPs). The studies in Jordan and Lebanon were deliberately designed to reveal the justice needs and experiences of the Syrian refugees. This adds a valuable research and impact dimension to the Justice Needs and Satisfaction survey – the ability to understand larger social problems through the lens of individual experiences with justice.

The data we collect is of little value if it is not used. Our methodology was further developed in two ways to make sure that happens to its fullest. Firstly, by using the data collection effort as a way to more actively bring key stakeholders together to draft action plans for concrete innovation around a priority need that emerges from the survey. In Ukraine the survey highlighted employment justice. In Uganda it was family justice. We worked on a special report on the experiences of citizens with family justice problems. This was done through in-depth interviews and focus groups with informal justice providers, leading to a holistic in-depth report on family justice needs in Uganda. In similar ways, such coalitions will be built in Bangladesh, Tunisia, Jordan, and Lebanon. In both countries such processes where launched with active participation of local justice leaders, which will continue into 2017.

The second way we developed our product is though the development of a Justice Dashboard. When fully developed, it will be available as an App and with it, citizens and policy makers can engage interactively with the data in an easy way. In addition, we will be able to add regular updates. We hope to roll this out more fully in 2017 for Tunisia, Jordan, Lebanon, Mali, Uganda and Bangladesh. A beta version was successfully launched in Bulgaria. We also developed a dashboard to facilitate the exchange of information and knowledge between thousands of paralegals in Mali. Haitian justice-sector organisations were trained to use and maintain the tool.

The Measuring Justice team also participated in a number of important events. We are one of the experts in a process to operationalize and implement of the Sustainable Development Goal 16 (to promote justice, peaceful and inclusive societies). We also participated actively in the launch of the Access to Justice initiative of the Organisation for Economic Cooperation and Development. Lastly, we were informally advised that the Mali Justice Needs and Satisfaction data report was used in the peace negotiations in the North.

Learning
Political instability and security challenges remain a significant challenge. In 2016, a contract with UNDP Yemen was terminated because of the ongoing war. We already mentioned the state of emergency that was declared in Ethiopia. In some countries we also encounter delays through approval processes that are required before a survey can start.

We also learned more how to ensure how to increase the likelihood that key actors use data we collect in the justice system to innovate and improve. We feel we can use technology more in this area through the easy to use and access Justice Dashboards. All the same time, we know that technology is not enough; it also requires people, who often work in complex environments and who need to see that change is necessary and possible. We will continue to develop ourselves in this area in 2017.
Hiil Justice Accelerator

Performance in brief
- Acceleration support, including assistance on identifying viable revenue streams, co-creation of marketing and outreach plans, evaluation of social impact, and other business development services for 6 winners of the 2015 Innovating Justice Awards.
- 4 Winners received grants and took part in the Acceleration Program: Duka (Kenya) received 10,000 EUR, Five-O (USA) and mSMEGarage (Uganda) received 20,000 EUR and DIYLaw (Nigeria) received 40,000 EUR.
- In 2016, the 6 supported innovations provided access to justice to 62,000 people. At least 33% of these were women beneficiaries. These supported innovations employed 29 people that provided a livelihood to at least 116 people.
- Three innovation challenges launched on Family Justice, Access to justice for Small and Medium Sized Enterprises, and a Dutch Legal Tech Challenge.
- 36 semi-finalist innovations received intensive pitch training and the chance to pitch at local events (Boostcamps), leading to connections to investors (at least four start-ups attracted a potential investor), press visibility including six media articles, and business training for entrepreneurs.
- Launched the Justice Entrepreneurship School in December as a top-level training week for the most promising justice innovations.
- More than 30 media articles in seven countries provided publicity about Hiil’s justice innovations, including nine “top tier” media article coverages including the biggest Ugandan TV station, the 2nd biggest South African TV station and the top tech blog in West Africa.
- Launch of an Innovating Justice Hub in Ukraine, resulting in a series of local events called Legal Crash Test in which entrepreneurs meet to create justice innovations, directly resulting in a wider justice entrepreneurship ecosystem.
- Launch of the Accelerator’s first Impact Report showing that since 2011 our innovations were able to provide access to justice to 1,424,100 people, employing 522 people.

Financials
- Net revenue: 556,000
- Turnover was € 1,153,000, of which € 160,000 for seed money
- Costs: € 610,000
- 68% growth in turnover compared to last year
- FTEs: 3.5
- Key clients: C&A Foundation, Ford Foundation, City of The Hague and the Dutch Ministry of Foreign Affairs. The last three clients have signed multi-year contracts

Substance
The Hiil Justice Accelerator focused its activities in 2016 on four components:
- Supporting four high potential startups in launching and growing their justice innovation
- Selecting and training new high potential startups for the 2016 Justice Innovation Challenges
- Professionalizing the Acceleration Program by launching the Justice Entrepreneurship School
- Conducting a retrospective Impact Assessment of its work since 2011.

Acceleration services
We started the Acceleration Program with the four winning innovations from the 2015 Innovating Justice Awards, who also received small grants to support their innovations. In April 2016, an exclusive legal business development training provided to our selected start-ups was provided by our partner LegalZoom in Nairobi. All four innovations have rolled out their products and were able to reach first users in 2016. After the Acceleration Program, Hiil continued into an investment-readiness trajectory with two of the most successful start-ups in this cohort: DIYLaw and mSMEGarage.

Scouting, selecting and training entrepreneurs
In 2016, we scouted innovations in three thematic areas: Family Justice, SME Empowerment and Dutch Legal Tech. This search focused geographically on Africa, the Middle East, Ukraine and the Netherlands.

In Ukraine and Uganda, data collected by Hiil’s Measuring Justice team helped us frame the innovation challenges. We launched an outreach strategy working on areas noted in the data. This thematic-based engagement increased the engagement, resulting in 30 applications from each of these countries, a selection of more than 15 semi-finalists in total, and 5 high potential investment cases for 2017. In April, a public event took place in Nairobi which was opened by the former Chief Justice Willy Mutunga and which generated many valuable applications. In terms of media coverage, over 30 media articles covered this process.

Having organised seven local events (Boostcamps) in Kampala, Lagos, Nairobi, Johannesburg, Tunis, Kyiv and the Netherlands, 39 innovators were trained to pitch and improve their impact and business models. These events included the direct engagement of over 30,000 persons in evaluating and supporting these innovations. After an intensive selection process, we shortlisted 11 finalists who were all issued grants of between 10,000 EUR and 20,000 EUR each.
Strengthening the Accelerator Program

In 2016 the Accelerator has improved its support for the most promising justice innovations. Hence, in 2016 we grew the number of core team members with business expertise, involved more external experts to support our innovations, tailored trainings with each innovator, and most importantly, launched the Justice Entrepreneurship School. The Justice Entrepreneurship School included 15 participants. During the intensive, in-house programme, all participants received training on key topics such as business model development, social impact framework, marketing strategies, and working with the justice sector.

Impact report

We also used 2016 to take stock. As a result of extensive research, including both quantitative and qualitative methods, the HiiL Justice Accelerator was able to present the impact we achieved with the Innovating Justice Awards since 2011. Apart from having provided access to justice to 1.4 million people, our results also show that:

33% of justice innovations were run by female founders

63% of Award winning innovations have stabilized and grown after one year following HiiL’s support

55% of Award winning innovations were able to attract additional funding

€10,577,223 was unlocked in additional investments in successful innovations

56% of our fellows felt HiiL’s support had made a significant difference to their success

Learning

The Justice Entrepreneurship School proved to be a good answer to the challenge we faced in providing a solid foundation to the winner justice entrepreneurs for the acceleration process that follows. We received a good evaluation from the participants, in addition to a few suggestions to make it even better next year.

We also learned that linking our scouting activities to the outcomes of the JNS surveys and the outreach that is done around the data reports leads to an increased quantity and quality of applications.

Local presence is critical for what we do. We stepped that up on 2016 and we conclude that it worked and must be increased in 2017. Most importantly, our innovators gained a lot of valuable contacts and partnerships during the local Bootcamps, making us determined to continue events on the ground that aim to involve the local ecosystem in the justice innovation debate.

The justice entrepreneurs taught us the value of further developing our interaction with entrepreneurs, including through more regular communication and offering of business development services. As part of this we also learned that earlier distribution of funds to finalists will assist us in determining a startup’s implementation and money-managing skills, resulting in stronger startups and more impact.

We feel we can also improve the application process to the Accelerator. One thing we will do in 2017 is interviews with potential justice entrepreneurs earlier in the process. In many countries throughout Africa, justice related innovations are quite early stage and therefore require a deeper understanding of their current status in order to be effective in scaling the businesses.

Lastly, we were confirmed in our conclusion that the Justice Accelerator is now ready to be complemented with an investment vehicle, which the best justice entrepreneurs can apply for once they have met a certain threshold in terms of solidity and concrete potential. This is something we will work on in 2017.
HiIL Innovating Procedures

Performance in brief
- Support the setting up of ACT coalition around employment justice for workers in the textiles industry
- Supporting the setting up of the Wildlife Justice Commission
- Designing complete renewed process for divorce in The Netherlands, with available online support
- One of five winners of the Dutch Divorce Challenge

Financials
- Net revenue: 455,000
- Turnover: 608,000
- Costs: € 399,000
- 43% shrink in turnover compared to last year
- FTEs: 2.8
- Key clients: the ACT coalition of leading apparel brands, the Wildlife Justice Commission

Substance
The Innovating Procedures product group had two aims during 2016: deliver innovative procedures for clients and develop a complete justice journey for family justice.

The ACT cooperation program supports major brands and retailers in their interactions with trade unions representing workers in the clothing industry. The goal is to develop a system of collective bargaining that will lead to a living wage. HiIL developed a governance system and negotiation/decision making process for ACT, and facilitated the ACT members in their interaction towards setting up a permanent organisation.

We continued to support the Wildlife Justice Commission during its set up phase until an executive director was recruited. The first Map of Facts (the outline of the criminal activities and all supporting documentation) under this new procedure we developed, was presented to the Accountability Panel of the Wildlife Justice Commission in September 2016. It concerned a major criminal network based on Vietnam. The WJC Accountability Panel certified the Map of Facts and proposed sanctions.

For the first time, the Innovating Procedures product group developed a process for dealing with a conflict from acknowledgement of the problem to a solution. The process for family justice (focusing on divorce/separation) includes diagnosis, intake, negotiation, mediation, adjudication and aftercare. The procedure was designed with input and support from a great number of stakeholders. It includes a financial model, the contours of social impact measurement and a business case, as well as the design of the supporting legal structures, and a proposal for developing an evidence-based guideline. Similar to what happens in the health care sector, the guideline will contain insights from research and experts how to best deal with the issues during separation and complications that may surface. Central to the design is a new way of asking a judge to intervene without an adversarial procedure and a new approach to getting more neutral legal and other expert advice.

Learning
What we learned during 2016 is the following:
The social impact of improved procedures can be huge and can be measured. It is possible to develop a financial model for an innovative procedure that is sustainable; if services are scalable because of standardization and if the value added for users increases, users are willing to contribute more to the costs. Creating the space for this type of innovation is possible, but not straightforward for government officials managing the justice system. Major investments are required for building and implementing innovative procedures for an urgent and frequent problem such as separation. Co-designing the contours of a new procedure, bringing this to the stage of offering it to stakeholders, is costly for HiIL, so preferably this activity should be funded separately. Users support evidence-based working in the justice sector. Professionals also support this, if their financial interest is recognized and they can offer better services in the future.

We also developed terms of reference for an employment justice procedure and an action plan for implementing it in Ukraine. After consumer disputes, employment-related disagreements are the second most frequently occurring legal problem in the everyday life in Ukraine. On December 12th in Kyiv, HiIL held a workshop: “Innovations in Employment Dispute Resolution in Ukraine” which sought to deepen and widen knowledge about the problem, develop terms of reference and a concrete action plan.

We are very proud that the design for the family justice procedure was selected as one of the winners of the Dutch Divorce Challenge and has been accepted by the Dutch government for implementation, following a selection process which included more than 500 proposals. We are currently interacting with the Ministry of Justice about how it can support us in the implementation process.
HiIL Online Justice—Rechtwijzer online platform

Performance in brief

- **Rechtwijzer:**
  - In 2016, 494 cases were successfully finalised on the Dutch Uit Elkaar platform.
  - Satisfaction with the Rechtwijzer procedure was high: 76 out of 10. Large majorities of the users reported that their agreements worked, that their relationships improved and that the harm done by the divorce was somewhat remedied.
  - Of the target for new cases for the Rechtwijzer Divorce platform only 24% was realised: 983 out of a projected 4000.
  - The transition of the front-end code application from Python to PHP was completed. The flow and configuration logic on all platforms were optimised and elevated to a common product standard. We developed new features, such as a Notification Center, an Improved Chat functionality, Flow Guidance videos, and an improved Browser interface, to name a few. We also introduced a new phase in the process which helped users prepare their cases for the intervention of a lawyer and integrated an automated legal aid eligibility check on the Dutch divorce platform.
  - New configurations:
    - Expansion of the online platform to Canada (British Columbia) as MyLawBC, featuring a Dialogue Tool which offers a collaborative interface through which separating/divorcing couples can make their Separation Agreement online. It also features legal guided pathways on topics such as family law, life planning, and foreclosure, which enable BC citizens to diagnose their legal problems and receive an actionable plan to meet their legal needs.
    - First adaptation of the Rechtwijzer online platform to rental disputes between landlords and tenants.
    - Launch of a trial version of the dispute resolution platform in the UK.
    - The 2017 HiIL Innovating Justice Forum was held on “ODR and the Courts” and the 4th HiIL trend report “ODR and the Courts: The promise of 100% access to justice” was published.
  - In 2016 HiiL Online Justice strategically focused on further developing and scaling the Rechtwijzer divorce platform to more jurisdictions and dispute types, like landlord-tenant and debts. We continued the partnership with Modria as the case- and content-management system provider and pursued offering an online dispute resolution (ODR) solution to institutional clients, such as legal aid boards and government agencies, helping to increase their social impact and improve access to justice for their constituencies.
  - In 2016, we scaled up the Rechtwijzer product development by bringing in more configuration in-house and outsourcing development of an application. This enabled the team to take on the challenge of developing a new module for landlord tenants and debts disputes, whilst working on continuous product improvement.
  - In the past year we also received the first feedback from Dutch citizens who have used the tool to create their own Separation Plan and have been separated/divorced for 6 months or more. The respondents to these surveys rated their experience on the platform as 76 out of 10. Divorced users also shared that they found the Rechtwijzer process clear, comprehensive and that the three main phases - Intake, Negotiation and Review - take all aspects of the divorces' lives into account in a respectful way. That, users reported, led to a reduced level of stress during the separation process and helped them improve their communication. In addition, the survey respondents reported that they felt in control of their own separation procedure, which affected their conflict-resolution skills to a great extent.
  - While the responses of users in 2016 were positive, the number of new cases created on the platform did not come close to the projected targets. The partnership negotiations with Relate over the release of the divorce platform to the UK market did not materialise.
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Financials

- Net revenue: € 170,000
- Turnover: € 569,000
- Costs: € 595,000
- 2% growth in turnover compared to last year
- FTEs: 70
- Key clients: the Dutch Legal Aid Board, Legal Services Society in British Columbia, Canada

Substance

In 2016, Online Justice strategically focused on
further developing and scaling the Rechtwijzer divorce platform to more jurisdictions and dispute types, like landlord-tenant and debts. We continued the partnership with Modria as the case- and content-management system provider and pursued offering an online dispute resolution (ODR) solution to institutional clients, such as legal aid boards and government agencies, helping to increase their social impact and improve access to justice for their constituencies.

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These developments challenged the business model of the product, the improvement and maintenance of which is reliant on recurring case fees.

In light of the low case volumes and incoming revenues, late 2016, the Rechtwijzer team focused its efforts on attracting investment from social impact investors and the Dutch government in order to secure the capital needed to fund product development and marketing efforts in the next 5 years. Negotiations with all interested parties and justice stakeholders in the Netherlands did not come to fruition and investment was not secured. As a result, a decision was taken to give Rechtwijzer a fresh start, as an independent startup with a new technology base developed in the Netherlands, focused on the Dutch divorce market. HiIL supports that process with all the gained experience over the last years and its in-depth knowledge of online dispute resolution.

The impact, on society and client organisations:

In The Netherlands (RVR):
- In 2016, 983 new paying cases were started and another 380 cases were created but not initiated. A total of 494 cases were finalized on the platform in 2016, allowing 988 Dutch citizens a fresh start in their life.
- Our impact in terms of reducing stress and improving the quality of (online) divorce procedures has also been remarkable. Users reported less stress, a clearer process, reduced cost and better quality of agreements in our first 6 months survey.
- RVR schulden, the Dutch platforms for the diagnosis of debts issues, helped 2272 users get started with resolving their debt problems.

British Columbia (LSS):
- On the MyLawBC Dialogue Tool, developed together with the Legal Services Society of British Columbia, 112 cases were initiated in 2016. 22 couples successfully finalised their Separation Agreements.
- The legal guided pathways on MyLawBC have helped 8,627 users get started with the resolution of their family law, personal planning and foreclosure problems. Remarkably, 30% of these users made use of the ‘Make a will’ pathway to create their own or joint will and select their executors and beneficiaries.

- Users of the pathways gave very positive feedback, calling it “Very accessible, methodical, and I found completing the information somewhat re-assuring/calming.” The majority of users appreciated the guided pathways for their ease of use, clarity of the (legal) information and the actionable steps enlisted for resolution of their disputes.

United Kingdom (Relate):
- On the trial version of the divorce platform 37 cases were created. Only one case was completed from start to end. Despite the short run of the trial platform, the positive user satisfaction ratings we received (7.7/10 on average) showed that the tool resonated well with the users in the English market.
- Rechtwijzer was mentioned in Lord Briggs’ Civil Courts Structure Review report as a shining example of the possibilities of online dispute resolution within the civil court structure. This document will go on to lay down the foundations for the complete overhaul of the British civil court structure.
- Rechtwijzer has appeared in over 10 high level research papers this year including; ‘The future of dispute resolution’ by M Legg, ‘Online dispute resolution under civil law’ by E Malik and ‘Addressing access to justice through new legal services providers: opportunities and challenges’ by A Woolley.
Learning

In a trend report on Online Dispute Resolution and courts, we explored how ODR promises to improve the user experience and effectiveness of judges (for high volume problems). Well designed ODR can support high quality, fair and effective negotiated outcomes for the 50-70% of disputants that now tend to settle cases in an often quick and dirty way to avoid further litigation. ODR can also solve the eternal dilemma of courts: if they offer more effective and fair procedures they will be overburdened with cases for which they have no funds. The structured ODR process can be - and should be - a way that most litigants can afford.

However, rules of procedure and financing have become an obstacle to due and fair process. The market for effective procedures also needs attention. Courts tend to develop their IT systems in house, with the help of IT consultants, or have tendering procedures that prevent the necessary co-creation. This limits the incentives for private parties to develop sophisticated ODR systems and partly explains why there are not yet many ODR platforms that succeeded in scaling up. An issue that is often mentioned is that the legal profession may resist implementing innovative procedures. The reality, however, is that existing ODR platforms have no difficulty to engage lawyers who want to develop and expand their skills and services. Most of the added value of ODR platforms is still provided by humans. The platforms, providing higher quality services and giving clients more control, are thus more likely to increase employment for lawyers than to decrease it. Professional rules, however, can be a barrier to implementation. Where law firms would be perfectly placed to take the lead in ODR innovation, these rules prevent law firms to attract the necessary outside investment and diversity of skills. At the same time, professional rules may make it difficult for non-lawyers to provide legal advice online or to use lawyers in new roles as neutrals, mediators or advisors to both parties about the fairness of outcomes.

Current legal institutions are not actively embracing the new technologies. In the near future, ODR providers and lawyers seeking to provide innovative services are increasingly likely to challenge these rules. Governments, acting in the interest of citizens, are likely to follow up on this.

We learned a lot about the business model that is needed to make an online dispute resolution platform such as Rechtwijzer sustainable. Institutionalising the product and linking it with the Dutch court system to increase scale proved more challenging than we had hoped. Many justice actors needed more time to embrace a drastic change in procedures. That time did not correspond with the available funding.

Another of the big takeaways from 2016 is that marketing and awareness building are crucial for users and legal professionals accepting novel solutions such as Rechtwijzer. The ability to directly reach the target audience of users who can benefit from Rechtwijzer’s services is crucial.

Service provider feedback taught us that the one-size-fits-all pricing model does not work well as some clients and cases need more support than others. We also learned that the business plan of HiiL Online Justice, its governance model and revenue streams need to be clearly defined and structured in a simple manner in order to attract investors. It is vital as a business to retain full control of the IT. Marketing and Sales and to have a simple governance structure to innovation and rapid growth.
Human Resources

Performance in brief

* HR processes and recruitment:
  - Overall foundation is in place to build and sustain a high performance workforce. HR updated the existing job profiles and developed the system of assessments for potential employees. We aligned the recruitment process with the dynamics of our business. The average recruitment process takes 3 months.
  - HiIL has an active and successful internship program for students. Throughout 2016 HiIL and Rechtwijzer were supported by total of 19 interns (each for a 5–6 month term period of time).
  - Recruitment support to the Wildlife Justice Commission.

* Employability and work sphere:
  - HiIL participated in the NRC award for best employers in 2015/2016 and was nominated as #7 in the category “Top 30 Nieuwe Helden 2015/2016”.
  - Regular lunch talks on substance.
  - HR launched a mentoring programme in order to encourage an exchange of knowledge and skills between employees.

* Workforce diversity:
  - The number of employees at HiIL has remained stable throughout the whole year. The number of employees working on Rechtwijzer has however decreased due to downsizing the activities to currently 2 employees (Q1, 2017), while the highest number of Rechtwijzer’s employees was 8 in April.
  - At the end of 2016 we had 15 core team employees at HiIL and 6 core team employees working on Rechtwijzer. The average number of FTE’s on the payroll in 2016 was 19.7 excluding interns.
  - These charts show employees and interns on payroll and do not include external consultants working with/for HiIL.

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Overview contracts HiIL:

- Permanent
- Temporary, 2nd contract
- Temporary, 1st contract

Gender percentage within HiIL:

- Female: 67%
- Male: 33%

Age groups:

- 19-30
- 30-40
- 40-50
- 50-60
- 60+

Nationalities:

- Dutch: 22
- British: 5
- Bulgarian: 4
- Swiss: 2
- Greek: 2
- Hungarian: 2
- Ukrainian: 1
- Burundi: 1
- Slovakian: 1
- American: 1
- Belgian: 1
- Romanian: 1
- Polish: 1
- Russian: 1
- Moldovan: 1
- Israeli: 1
- Canadian: 1
- Lithuanian: 1
- Czech: 1
- Chinese: 1
- German: 1
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- Kenyan: 1

Learning

We can increase efficiency and uniformity of HR administration and processes via HR software, which will allow us to automate most of the processes and help avoid potential mistakes. Software will also help visualise the HR (flow of staff, HR planning, demographics, contracts overview, leave, vacation planning, etc) in simple and easy to create dashboards.

Goal and action points for HR 2017:

- Implement HR software.
- Develop /update internship policy in order to make the internship program more efficient for both company and interns.
- Updating HiIL Handbook to current situation.
Communications

Performance in brief
- 5 HiiL Newsletters
- 6 times HiiL in a major news outlet
- 110,086 (75% new) website visitors
- Significant growth in social media

Substance
We focused on having a consolidated communications strategy for the organisation which does not only communicate the different work strands of HiiL but also HiiL as a whole.

Building a strong identity helps our partners and the public understand who we are. Accordingly, we strengthened our efforts to communicate HiiL’s work in terms of how it changes lives, in tangible ways, free of technical jargon and imbued with meaning. All this based on the core values for HiiL’s work, which remain unchanged: evidence-based, co-creation and non-judgemental. Moreover, our goal was to support sales strategy with innovative campaigns.

The most important channels in our communications are the website, e-newsletter, social media, events, presentations and publicity.

Rebranding
One of our goals was to create more consistency in our brand appearance in line with our core values and mission and thus be more recognisable to our stakeholders. We wanted to reinforce brand image of HiiL and make the connection between our services more visible to our audience. Therefore we set up a branding committee which resulted in selecting new names for HiiL’s services and changing our name from “The Hague Institute for the Internationalisation of Law” for HiiL’s services and changing our name from "The Hague Institute for Innovation of Law" to "Innovating Justice" is no longer used in written texts. We opted for a ‘branding house’ with product acronym and logo stayed the same, however the pay-off “Innovating Justice” is no longer used in written texts. We opted for a ‘branding house’ with product groups with the following names:

- HiiL Measuring Justice
- HiiL Innovating Procedures
- HiiL Justice Accelerator
- HiiL Online Justice

Visual branding changed aesthetically to show the more dynamic nature of HiiL’s work better. Consistent colour assignment and font made us more recognisable to the outside world.

Publications
In 2016 Measuring Justice published two data reports:

- “Justice Needs in Ukraine: Legal problems in daily life”
- Online Justice published a trend report “ODR and the courts: The promise of 100% access to justice?”

In 2016 we published 20 blogs by HiiLers. Supported by social-media communications, HiiL content is being read more widely than ever before. We made a concerted effort to use more pictures from the field, and service team members supported this.

E-Newsletter: The e-newsletter has close to 5000 recipients. Prior to September 2016, there was a less regular newsletter. After September, we circulated a monthly e-newsletter. This year we adjusted the format of the e-newsletter to accommodate our audiences that access it via mobile phone. Since October, every newsletter contains approximately 3 to 4 news items.

Social Media
Social media strategy prior to March utilised Facebook, Twitter and LinkedIn. During March to September 2016 social media was less utilised due to a very small team. From September, HiiL’s updates, event information, job openings, event photos, blogs and data reports were circulated to a growing network of followers.

Over 2016, our Facebook page had 1905 (104%) more likes. Twitter had 977 (374%) more followers. LinkedIn had 576 (38 7%) more followers. Regular shares comprised of daily posts on Facebook. Minimum of 5 posts per day on Twitter, and bi-weekly posts on LinkedIn. We stopped using Instagram. HiiL launched social media campaigns to support events, such as launching the Ukraine and Uganda data reports, the ODR conference and the annual Innovating Justice Forum. The hashtag for the Innovating Justice Forum briefly trended in the Netherlands.

Number of followers in 2016

Action point in 2017

In 2017 we aim to make a responsive website since many stakeholders in countries around the world use their smartphone as the main device.

Publicity
In 2016 we had two concentrated efforts in our communications in the Netherlands, the ODR conference and Innovating Justice Awards, including Innovating Justice Forum 2016.

- In May 2016 over two days HiiL held the annual ODR conference at the Peace Palace, in partnership with Thomson Reuters, and the US-based National Centre for Technology and Dispute Resolution. The ODR conference draws the most senior judiciaries and ministers from around the world. The event was an international success, leading to the creation of our Fourth Trend Report (ODR: The promise of 100% access to justice?) with contributions from such influential figures as Lord Justice Briggs, Shannon Saltier, Dory Reiling and Roger Smith OBE; hailed as “a substantial contribution to the field”. There was no coverage in national TV however it featured favourably in many influential legal-profession blogs. HiiL was recognised as the best organiser of the annual ODR conference to date.

- Online Justice had gross of 56 media mentions. Media coverage of the Rechtwijzer platform throughout 2016 has been prolific including high profile Dutch newspaper spreads – in the Volkskrant, Het Financieele Dagblad and Het Parool. We appeared on Kassa and Tegenlicht on national Dutch TV and BNR radio about our platform. International press has featured Rechtwijzer amongst others in The Economist, to ABC News, to The Guardian.

- In September 2016, there was a lot of media attention surrounding the Innovating Justice Bootcamps held in Kampala, Lagos, Nairobi, Johannesburg, Tunis, Kyiv and the Netherlands. There was gross of 32 media mentions, including on Uganda’s largest TV network, Uganda Broadcasting Corporation Television and Uganda’s second largest newspaper, The Observer.

- In Uganda, the Ugandan JNS Data Report: Legal Problems in Daily Life, was received positively by senior judiciary and featured on NBS TV Uganda alongside comments from the Principal Judge, Justice Yorokamu Bamwine.

- HiiL also featured in an ‘Access to Justice’ documentary by VPRO Tegenlicht in October 2016. The documentary featured HiiL’s way of working through innovation, and was built around commentary by our CEO and one of the members of the Justice Leadership group: Chief Justice of Kenya, Willy Mutunga. There was a supporting discussion event the day after, resulting in a trending hashtag on twitter.

- HiiL’s also featured in a series of interviews on Innovation of the Justice System in the Netherlands for the Ministry of Security and Justice.
Highlights 2016

March 2016
HiiL presents the findings from “Justice Needs and Satisfaction in Ukraine: Legal Problems in Daily Life” to Ukrainian and international stakeholders.

April 2016
HiiL presents Ugandan stakeholders with the data about Justice Needs and Satisfaction at launch the of “Justice Needs in Uganda: Legal problems in daily life.”

April 2016
The HiiL Innovating Justice Nairobi Workshop explored bottom up solutions to issues in Africa.

May 2016
HiiL organises the 15th annual ODR Conference at the Peace Palace.

September 2016
The HiiL Justice Accelerator held Boostcamps in Tunis, Kampala, Johannesburg, Nairobi, Lagos, Kyiv and the Netherlands.

November 2016
HiiL organises the Justice Innovation Center with the Ministry of Justice and Security in the UAE.

November-December 2016
Justice Entrepreneurship School is launched, the world’s only educational initiative for justice-sector startups. Entrepreneurs pitch their innovations at the Innovating Justice Forum 2016.

December 2016
HiiL’s vision of divorce was selected as one of five winners out of five hundred submissions to the Dutch Divorce challenge.
Partners and donors

Dutch Ministry of Foreign Affairs
With the support of the Dutch MFA in the form of a multi year partnership, HIIL started justice needs and satisfaction projects in Jordan, Tunisia and Lebanon and conducted a Family Justice workshop in Uganda leading to terms of reference for a new and better procedure. In Bulgaria, the Dutch MFA supported HIIL to launch the Justice Dashboard. We also built justice entrepreneurship in Ukraine, Tunisia, Nigeria, Kenya, Uganda and South Africa.

Swedish International Development Cooperation Agency (SIDA) and The Hague Institute for Global Justice
HIIL worked together with SIDA and The Hague Institute for Global Justice to start a justice needs and satisfaction project in Uganda to extensively map the justice needs of Ugandans.

The Netherlands Organisation for Scientific Research (NWO)
HIIL works together with civil society organisations in Mali to develop a Dashboard tool for evidence-based policy making and legal empowerment in Mali.

Ministry of Justice, United Arab Emirates
HIIL was invited to identify the most pressing justice problems in the UAE (both locals and expats). We also presented at the UAE Justice Innovation conference.

Judiciary of Kenya and The World Bank
HIIL started a justice needs and satisfaction project in Kenya.

ACT (Action, Collaboration, Transformation)
HIIL works together with leading brands & retailers to achieve living wages in textile and garment supply chains. ACT ("Action, Collaboration, Transformation") is an initiative between international brands & retailers, manufacturers, and trade unions to address the issue of living wages in the textile and garment supply chain.

De Brauw
De Brauw provided four graduates from their stellar international trainee program to support the accelerator team during 3 months. They got first hand experience in working with justice innovators around the world, helped the accelerator develop its legal toolkit and did background research in relation to investment mechanisms.

Amnesty International
HIIL was engaged by Amnesty International to conduct a foresight study about the ICC.

Dutch Embassy Mali
In December 2013 HIIL was contracted by the Dutch Embassy in Bamako to conduct a large scale study of the justice needs and satisfaction with the available paths to justice in Mali.

Ford Foundation
HIIL accelerates selected justice entrepreneurs in East and West Africa building innovating justice communities and initiates the Innovating Justice Challenges in East, West and Southern Africa.

Municipality of The Hague
Together with the City of the Hague, HIIL supports local justice entrepreneurs through issuing an innovation challenge.

Raad van Rechtsbijstand
HIIL collaborated with the RvR on the development of user-friendly online dispute resolution platforms for divorce, debts, landlord/tenant.

Legal Aid Board British Columbia
Legal Aid Board British Columbia is an organisation that provides legal aid to citizens of British Columbia, Canada. HIIL and the Legal Aid Board British Columbia developed MyLawBC.

Netherlands Enterprise Agency (RVO)
The RVO supports sustainable, innovative and internationally orientated enterprises in The Netherlands by subsidies, creating business partners, sharing knowledge and informing on regulations. In 2016 it also supported the Rechtwijzer project.
Organisation and governance

Governance and management

The institutional structure of HiiL continues to be set up as follows:

- The Supervisory Board, which provides overall strategic supervision
- The Executive Board and management team are responsible for running the organisation
- The Programmatic Steering Board consisting of recognised experts in the substantive areas that are relevant for the work of HiiL, which advises the Supervisory and the Executive Board on issues of substance
- The Committee of Honorary Patrons, composed of eminent international experts, which renders assistance to the organisation in more general terms

The structure is set out in the table below:

The Rechtwijzer activities (HiiL Online Justice) have been completely organised in separate legal entities. HiiL is 100% owner of these legal entities and therefore the whole organisation is governed and managed as one. Due to the statutory interconnectedness between HiiL and the Rechtwijzer entities the financial statements of the entities are combined to one single set of consolidated statements.

The composition of each of these organs is based on a careful balance to ensure participation of the various stakeholders relevant for HiiL and to reflect its international ambitions: private – public sector, international – national level, academics – practitioners, and the various relevant disciplines (law, social and behavioural sciences).

Composition of the Supervisory Board

<table>
<thead>
<tr>
<th>Name</th>
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The Supervisory Board meets at least three times per year to discuss the progress of the organisational activities. Detailed information about the Supervisory Board members can be found on the HiiL website.

In 2016 the Supervisory Board held a regular meeting on 12 February, on 13 July, 12 October and on 8 December. On 23 September, the SB held a special meeting with regard to Rechtwijzer.

Composition of the Executive Board

The Executive Board consists of Sam Muller (Chair) and Maurits Barendrecht (Research). On 26 July 2016 the Executive Board appointed Ellen Tacoma (Director of Operations) as a third member of the management team. The management team meets every week.

Composition of the Programmatic Steering Board

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Composition of the Committee of Honorary Patrons

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Finance and administration

Risk policy and management

We are, like all organisations, exposed to risks. Our internal organisation is dynamic in an innovative environment and we sometimes operate in fragile countries. We have a number of instruments to safeguard the risks.

- We run many projects, with many partners in different countries and may lose financial overview or control. In 2016 a system was implemented to further strengthen our monthly planning, monitoring and reporting. This enhanced the financial system and ensures clarity about the financial decisions that need to be taken. The risk of having enough liquidity is monitored on a monthly basis with a cash flow forecast for 18 months.

- The program and project related risks can be significant, since we operate in fragile states and states with limited governance capacity. We take all risks into account before committing to a program or project. However, the presence of risks does not deter us from pursuing our commitment to build, innovate and mean something in the world. We do not avoid high-risk countries due to the fact that we think our work is vital and needed. We are very aware of the risks and discuss it frequently with the responsible officials and employees involved.

- We have an ambitious strategic plan and committed staff working to implement the plan. This could lead to excessive work pressure on staff. To avoid overburden we strive for a work environment in which staff members can excel, where progress towards goals is reviewed regularly and where plans are modified if needed if they prove to be unrealistic in practice.

- The organisations transparency depends heavily in the prevention of all potential conflicts of interest and therefore strict controls are necessary. The description of these controlling guidelines and controlling moments are included in the Code of Conduct. PSB rules of procedure and the description of the internal organisation.

- We do not have a significant credit risk. Receivables are mainly related to grants from solid public or private institutions.

- The currency risks largely concern transactions in US dollars. Management decided that the cost of hedging these currency risks does not outweigh the benefits.

Overall risks are frequently discussed within the management team meetings that take place weekly. Quick action to mitigate the risks is taken if needed.

Organisational and administrative support

Due to the growth of the organisation and more focus on the operational and administrative side a Director of Operations was appointed in 2016, this was already included in the strategic plan and budget. Next to this we appointed a controller in house for day-to-day monitoring of the operations. The outsourcing of the administrative support is changed per balance date. This also leads to cost savings.

Cost savings in 2016 were also made in the material costs such as office material and automation. We also postponed investments in the IT infrastructure. Costs for changing and strengthening the IT infrastructure are included in the budget 2017.

At the end of 2016 we decided not to prolong the current housing contract ending 31 December 2017. Negotiations about new premises will take place in 2017.

Financial position and liquidity

Our financial position is solvable, we can meet the short and long term payment obligations. The capital management is risk adverse and our cash and cash equivalents are and will only be held on current accounts and savings. Cash and cash equivalents increased (2015: € 1,107,500 - 2016: € 1,421,500). This is mainly caused by amounts received in advance in 2016 for projects that have to be partially executed in 2017. The current liquidity position is sustainable.

Due to the innovating and dynamic environment we operate in, it is hard to predict the financial position and the liquidity position in the long run. As part of the transition to a sustainable business we have consistently grown but have also realized a negative operating result three years in a row, of which the last one was not anticipated. Measures have been taken in the second half year of 2016 to break to the trend of negative operating results. As a result, we expect to realise a positive operating result in 2017.

Contingency reserve

In December 2011 the Supervisory Board decided to create a revolving fund. The fund would serve to fund research and development. The revolving fund was not used up to date. It now holds € 330,578 which we have added to the contingency reserve.

The contingency reserve is designed to create a solid buffer to ensure that we can go without a few months of income, without being forced to stop the activities of the organisation. A second purpose of this reserve is to cover the costs in case the organisation would have to be dissolved. The desired size of the reserve is set at € 1,400,000. At balance date the reserve amounts to € 799,000. This is 57% of the desired size. However, the reserve still consists enough buffer to ensure that we will continue as a going concern in 2017 and onwards.

The height of the contingency reserve will be reviewed and recalculated in 2017. Mainly due to growth of our organisation, changes in the operations of the Rechtwijzer entities and the new rental contract as of 2018 a new calculation is required.

Financial overview

Budget

In hindsight, the 2016 budget was too ambitious. Towards the end of the second quarter of 2016 it became clear that the Rechtwijzer result was running significantly behind target, and that, to a lesser extent, Measuring Justice and Innovating Procedures were running behind on realisation. Consequently, and after sharing this with the Supervisory Board, measures were taken together with the Supervisory board to minimize the loss for 2016 and adjust the cost level down on all levels. That resulted in a net result of € 339,000 negative, by the end of the year.

Revenues

The revenues increased with 10% in comparison with 2015 (2016: € 3,415,000 - 2015: € 3,108,000). See for a detailed overview per product group below:

<table>
<thead>
<tr>
<th>Realisation</th>
<th>Budget</th>
<th>Realisation</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>2016</td>
<td>2015</td>
</tr>
<tr>
<td>€</td>
<td>€</td>
<td>€</td>
</tr>
<tr>
<td>Measuring Justice</td>
<td>1,082,389</td>
<td>1,800,000</td>
</tr>
<tr>
<td>Innovating Procedures</td>
<td>667,865</td>
<td>1,110,000</td>
</tr>
<tr>
<td>Justice Accelerator</td>
<td>1,123,383</td>
<td>1,200,000</td>
</tr>
<tr>
<td>Online Justice</td>
<td>569,053</td>
<td>1,700,000</td>
</tr>
<tr>
<td>Other revenues</td>
<td>2,772</td>
<td>0</td>
</tr>
</tbody>
</table>

Total revenues | 3,415,372 | 5,890,000 | 3,108,463 |

The revenues of Measuring Justice and the Justice Accelerator increased sharply, mainly due to the fact that the Ministry of Foreign Affairs granted subsidy for the period 1 January 2016 until 31 December 2018 for the program ‘Innovating Justice Strategic Program 2016-2018’. The program is executed in the product groups Measuring Justice and Justice Accelerator. In 2016 an amount of € 1,496,983 of the grant was realised. The revenues of Innovating Procedures decreased in 2016, mainly due to the fact that the projects with the Wildlife Justice Commission and with the Dutch Tax Authorities came to an end. It was not possible to acquire enough new projects to maintain the level of revenues of 2015. The revenues for Online Justice in 2016 are in line with 2015.
The realisation of the net revenues in 2016, needed to cover the personnel and material costs, were 8% higher in comparison to 2015.

We were able to achieve a 18% growth in net revenues over the last two years (2016: € 1,875,000 - 2014: € 1,586,000).

The main reason for the higher net revenues is the acquiring of new projects and realisation of current projects.

## Costs:

**Amounts x €1,000**

<table>
<thead>
<tr>
<th>Costs</th>
<th>Realisation 2016</th>
<th>Budget 2016</th>
<th>Realisation 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel costs</td>
<td>1,664</td>
<td>2,261</td>
<td>1,569</td>
</tr>
<tr>
<td>R&amp;D</td>
<td>0</td>
<td>159</td>
<td>0</td>
</tr>
<tr>
<td>Material costs</td>
<td>550</td>
<td>756</td>
<td>467</td>
</tr>
<tr>
<td>Various income and costs</td>
<td>-2</td>
<td>0</td>
<td>-3</td>
</tr>
<tr>
<td>Total costs</td>
<td>2,212</td>
<td>3,176</td>
<td>2,033</td>
</tr>
</tbody>
</table>

The costs increased in 2016 with 9% in comparison with 2015. The higher costs are partly explainable in relation with the growth in revenues. Next to this, we invested in the product development within Online Justice. The marketing capacity was increased for Online Justice which lead to more costs for Sales & Marketing in comparison with 2015. Also the Rechtwijzer entities are incorporated in the numbers for a full year which lead to more general costs such as administration and consultancy costs for the full year. Last year the Rechtwijzer entities were consolidated in the accounts for the last 6 months of 2016.

## Operating result

The operating result we realised in 2016 is in total € 337,000 negative.

## Long-range overview 2015-2017

<table>
<thead>
<tr>
<th>Amounts x €1,000</th>
<th>Realisation 2015</th>
<th>Budget 2016</th>
<th>Realisation 2016</th>
<th>Budget 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenues</td>
<td>3,108</td>
<td>5,890</td>
<td>3,415</td>
<td>3,987</td>
</tr>
<tr>
<td>Costs of sales</td>
<td>-1,368</td>
<td>-2,449</td>
<td>-1,541</td>
<td>-2,091</td>
</tr>
<tr>
<td>Net revenues</td>
<td>1,740</td>
<td>3,441</td>
<td>1,875</td>
<td>1,896</td>
</tr>
</tbody>
</table>

Costs:

<table>
<thead>
<tr>
<th>Costs</th>
<th>Realisation 2016</th>
<th>Budget 2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel costs</td>
<td>1,569</td>
<td>2,261</td>
<td>1,425</td>
</tr>
<tr>
<td>R&amp;D</td>
<td>0</td>
<td>159</td>
<td>0</td>
</tr>
<tr>
<td>Material costs</td>
<td>467</td>
<td>756</td>
<td>550</td>
</tr>
<tr>
<td>Various income and costs</td>
<td>-3</td>
<td>0</td>
<td>-2</td>
</tr>
<tr>
<td>Total costs</td>
<td>2,033</td>
<td>3,176</td>
<td>2,212</td>
</tr>
</tbody>
</table>

Operating result

Financial income and expenses

<table>
<thead>
<tr>
<th></th>
<th>Realisation 2016</th>
<th>Budget 2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>-293</td>
<td>265</td>
<td>-337</td>
<td>4</td>
</tr>
<tr>
<td>-2</td>
<td>0</td>
<td>-2</td>
<td>0</td>
</tr>
</tbody>
</table>

Net result

<table>
<thead>
<tr>
<th></th>
<th>Realisation 2016</th>
<th>Budget 2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>-289</td>
<td>265</td>
<td>-339</td>
<td>4</td>
</tr>
</tbody>
</table>
### A. Balance sheet

<table>
<thead>
<tr>
<th>Ref</th>
<th>31-12-2016</th>
<th>31-12-2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>€</td>
<td>€</td>
</tr>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Non-current assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Housing</td>
<td>32,008</td>
<td>86,914</td>
</tr>
<tr>
<td>- Automation</td>
<td>18,875</td>
<td>21,871</td>
</tr>
<tr>
<td>- Other equipment and furniture</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>50,883</td>
<td>108,785</td>
</tr>
<tr>
<td>Current assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Receivables</td>
<td>659,022</td>
<td>844,788</td>
</tr>
<tr>
<td>3. Cash and cash equivalents</td>
<td>1,421,543</td>
<td>1,107,467</td>
</tr>
<tr>
<td></td>
<td>2,080,565</td>
<td>1,952,255</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>2,131,448</td>
<td>2,061,040</td>
</tr>
<tr>
<td><strong>LIABILITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reserves</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Revolving fund</td>
<td>0</td>
<td>330,578</td>
</tr>
<tr>
<td>5. Contingency reserve</td>
<td>798,679</td>
<td>807,166</td>
</tr>
<tr>
<td></td>
<td>798,679</td>
<td>1,137,744</td>
</tr>
<tr>
<td>Debts</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. Short term debts</td>
<td>1,332,769</td>
<td>923,296</td>
</tr>
<tr>
<td></td>
<td>1,332,769</td>
<td>923,296</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>2,131,448</td>
<td>2,061,040</td>
</tr>
</tbody>
</table>
## C. Total overview income and costs per product group

The following results have been obtained.

### Innovating Procedures

<table>
<thead>
<tr>
<th>Amounts x € 1,000</th>
<th>Revenues</th>
<th>Costs of sales</th>
<th>Net revenues</th>
<th>Personnel costs</th>
<th>R&amp;D</th>
<th>Overhead</th>
<th>Operating result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Realisation</td>
<td>1,000</td>
<td>237</td>
<td>-730</td>
<td>530</td>
<td></td>
<td></td>
<td>-1,260</td>
</tr>
<tr>
<td>Budget</td>
<td>1,000</td>
<td>250</td>
<td>-750</td>
<td>550</td>
<td></td>
<td></td>
<td>-1,300</td>
</tr>
<tr>
<td>Difference</td>
<td></td>
<td>-13</td>
<td>-20</td>
<td>-20</td>
<td></td>
<td></td>
<td>-40</td>
</tr>
</tbody>
</table>

### Measuring Justice

<table>
<thead>
<tr>
<th>Amounts x € 1,000</th>
<th>Revenues</th>
<th>Costs of sales</th>
<th>Net revenues</th>
<th>Personnel costs</th>
<th>R&amp;D</th>
<th>Overhead</th>
<th>Operating result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Realisation</td>
<td>1,450</td>
<td>155</td>
<td>-1,295</td>
<td>555</td>
<td></td>
<td></td>
<td>-1,850</td>
</tr>
<tr>
<td>Budget</td>
<td>1,450</td>
<td>160</td>
<td>-1,290</td>
<td>560</td>
<td></td>
<td></td>
<td>-1,850</td>
</tr>
<tr>
<td>Difference</td>
<td></td>
<td>-5</td>
<td>-5</td>
<td>5</td>
<td></td>
<td></td>
<td>-10</td>
</tr>
</tbody>
</table>

### Justice Accelerator

<table>
<thead>
<tr>
<th>Amounts x € 1,000</th>
<th>Revenues</th>
<th>Costs of sales</th>
<th>Net revenues</th>
<th>Personnel costs</th>
<th>R&amp;D</th>
<th>Overhead</th>
<th>Operating result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Realisation</td>
<td>1,530</td>
<td>350</td>
<td>-1,180</td>
<td>70</td>
<td></td>
<td></td>
<td>-1,250</td>
</tr>
<tr>
<td>Budget</td>
<td>1,530</td>
<td>360</td>
<td>-1,170</td>
<td>71</td>
<td></td>
<td></td>
<td>-1,250</td>
</tr>
<tr>
<td>Difference</td>
<td></td>
<td>10</td>
<td>10</td>
<td>1</td>
<td></td>
<td></td>
<td>0</td>
</tr>
</tbody>
</table>

### Online Justice

<table>
<thead>
<tr>
<th>Amounts x € 1,000</th>
<th>Revenues</th>
<th>Costs of sales</th>
<th>Net revenues</th>
<th>Personnel costs</th>
<th>R&amp;D</th>
<th>Overhead</th>
<th>Operating result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Realisation</td>
<td>659</td>
<td>350</td>
<td>-309</td>
<td>35</td>
<td></td>
<td></td>
<td>-344</td>
</tr>
<tr>
<td>Budget</td>
<td>659</td>
<td>360</td>
<td>-329</td>
<td>35</td>
<td></td>
<td></td>
<td>-364</td>
</tr>
<tr>
<td>Difference</td>
<td></td>
<td>-11</td>
<td>-11</td>
<td>1</td>
<td></td>
<td></td>
<td>47</td>
</tr>
</tbody>
</table>

### Other

- **Amounts x € 1,000**: 608
- **Revenues**: 300
- **Costs of sales**: 208
- **Net revenues**: 92
- **Personnel costs**: 6
- **R&D**: 0
- **Overhead**: 3
- **Operating result**: -3
- **Difference**: -13

## D. Explanatory notes for the annual accounts

**HiIL**

HiIL was established in 2005 as the Hague Institute for the Internationalisation of Law. A foundation with financial support from the Dutch Government and The Netherlands Organisation for Scientific Research. The goal: to better understand the profound changes that are occurring in the environment in which legal systems operate and, on that basis, to concretely contribute to adapting them to today’s world. One of the key trends we focused on from the start was internationalization: the increased transnational connectedness between legal systems, either directly or through international organisations.

We transitioned as of 2012 into the social impact enterprise we now are, and calculated it would take us three years, that is up to and including 2015, to fully develop our value proposition and put them in the market so we could start to break-even, and even make a profit.

We recently decided to change one word in our name: we are now the Hague Institute for Innovation of Law. Using the knowledge base that had been built, the focus is on impact, and helping clients design and implement justice journeys that work in the 21st century and that are user-centred, accessible, effective, and founded on sustainable funding models.

Our office is located at Bezuksenhouwesteweg 16a in The Hague. We are registered with the Chamber of Commerce in The Hague under number 272900536, and since September 2016 we have an office in Sofia which is located at bul. Cherni Vrah 47A, fl. 4.

The Dutch Tax and Customs Administration has designated us as an ‘Public Benefit Organisation’ (Algemeen Nut Beogende Instelling, ANBI) which means that donations to us are exempt from gift tax and inheritance tax (within legal limits).

**Reporting entity**

The consolidated financial statements 2016 of the entity comprise HiIL and its subsidiaries (together referred to as ‘Rechtwijzer entities’). The Rechtwijzer entities consists of:

- HiIL Rechtwijzer Holding
- HiIL Rechtwijzer Intellectual Property and Knowledge
- HiIL Rechtwijzer Technology

The Rechtwijzer activities were reorganised into HiIL Rechtwijzer Technology. This is the entity where all activities take place. No activities took place and were administrated in HiIL Rechtwijzer Holding and HiIL Rechtwijzer Intellectual Property and Knowledge.

**Affiliated foundation**

The Justice Leadership Group is an independent non-profit organisation that was founded in The Hague (the Netherlands) in 2010, with support of the Dutch Ministry of Foreign Affairs and the Municipality of The Hague. We were part of setting up this important body. It does not seek to make profit and has organised its work in a networked, agile way. The objective of the foundation is to promote and support justice leadership, to bring about positive, tangible change in legal systems and strengthen the rule of law, inter alia by engaging with governments and justice leaders, by developing knowledge and organising workshops and conferences.

The foundation is affiliated with HiIL, by its work, its location and the CEO of HiIL, Sam Muller is Chairman of the Executive Board of the Justice Leadership Group.
We concluded a memorandum of understanding with the Justice Leadership Foundation in which two employees of HiiL were made available for the Justice Leadership Foundation for 1 day a week, for in total of 45 weeks a year starting 1 January 2016. Due to the fact that the actual work of the employees in 2016 was significantly less than 1 day a week and the fact that a Justice Leadership Foundation employee supplied services for HiiL, it was decided to not charge the Justice Leadership Foundation in 2016 in accordance with the memorandum of understanding. The decision was based on the level of hours spent on both sides, they represent an almost equal amount.

Approval and adoption of the financial statements 2016

The Supervisory Board approved the annual report and the financial statements 2016 of the Institution in the 54th meeting of the Supervisory Board, held on 19 April 2017, including the allocation of the result, as presented on page 37, income statement. The Executive Board adopted the annual report and the financial statements 2016.

Post balance sheet events

There have been no significant events post balance date which would materially affect the financial statements.

Accounting Principles

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below.

General information

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the Netherlands (Guideline 640 of the Dutch Accounting Standards Board, the guideline for non-profit organisations).

The balance sheet, income statement and cash flow statement include references to the notes.

Going concern

The accounting policies within the annual accounts are based on the assumption that HiiL will be able to continue as a going concern.

Comparative figures

For comparison reasons and practicality some figures have been re-allocated in the realisation of 2015. The accounting policies are consistent with those used in the previous year.

Accounting policies for the balance sheet

In general, assets and liabilities are stated at the amounts at which they were acquired or incurred, or at current value. If not specifically stated otherwise, they are recognized at the amounts at which they were acquired or incurred.

The non-current assets are valued against purchase price with a deduction for straight-line depreciation based on the estimated economic lifespan. Investments of less than € 500 are not capitalised. The estimated economic lifespan of housing, automation and other equipment and furniture is set at five years. The depreciation of the investments in 2016 is pro rata.

Receivables are recognized at fair value. If payment of the receivable is postponed under an extended payment deadline, fair value is measured on the basis of discounted value of the expected revenues. Interest gains are recognised using the effective interest method. When a receivable is uncollectible, it is written off against the provision for bad debts.

Cash and cash equivalents include cash in hand and bank balances. Cash and cash equivalents are stated at face value.

The continuity reserve is to ensure that we can continue its activities and to meet its obligations. The continuity reserve per balance date is sufficient for these purposes.

The short terms debts, accruals and deferred income concerns categories with a remaining term of less than one year.

We use the billable hours spent and the billable costs of sales to determine the appropriate amount to be recognised in a certain period. If the result recognised exceeds the invoiced installments, projects are presented in the balance sheet as amounts to be invoiced. If the result recognised is less than the invoiced amounts or received amounts it is presented as short term debts (still to be spent on the objective).

Accounting policies for the income statement

Income and expenditure are recognized as they are earned or incurred and are accounted for in the financial statements in the year to which they relate. Profit or loss is determined as the difference between the realisable value of the services delivered and the costs and other charges for the year.

Transactions denominated in foreign currencies conducted during the reporting period are recognised in the annual accounts at the rate of exchange on the transaction date. Any resulting exchange differences are recognised through income and expenditure.

Non-current assets are carried at cost less straight-line-depreciation over their estimated useful lives. The estimated economic life is set at five years. Gains and losses on the sale of non-current assets are included in the income statement.

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

Interest paid and received is recognized on a time-weighted basis, taken account of the effective interest rate concerned.
The cash flow statement analyses the changes in cash and cash equivalents between 1 January 2016 and 31 December 2016 and is prepared according to the indirect method. Cash flows in foreign currency have been converted into Euro using the exchange rate valid on the transaction date. In 2016, the cash and cash equivalents increased by € 314,076. Main reason for the increase is through amounts received in advance in 2016 for projects that has to be partially executed in 2017.

The cash flow statement analyses the changes in cash and cash equivalents between 1 January 2016 and 31 December 2016 and is prepared according to the indirect method. Cash flows in foreign currency have been converted into Euro using the exchange rate valid on the transaction date. In 2016, the cash and cash equivalents increased by € 314,076. Main reason for the increase is through amounts received in advance in 2016 for projects that has to be partially executed in 2017.

### E. Cash flow statement

<table>
<thead>
<tr>
<th>Ref.</th>
<th>Amounts x € 1,000</th>
<th>Realisation 2016</th>
<th>Realisation 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash flows from operating activities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net result</td>
<td>-339.1</td>
<td>-289.0</td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>45.3</td>
<td>47.3</td>
<td></td>
</tr>
<tr>
<td>Mutations in working capital:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. - Receivables</td>
<td>185.8</td>
<td>-304.8</td>
<td></td>
</tr>
<tr>
<td>6. - Debts</td>
<td>409.4</td>
<td>-203.6</td>
<td></td>
</tr>
<tr>
<td>Total cash flows from operating activities</td>
<td>301.4</td>
<td>-750.1</td>
<td></td>
</tr>
</tbody>
</table>

| Cash flows from investing activities |                  |                  |                  |
| 1. Investments non-current assets | -7.4 | -25.6 |
| Receivable landlord | 20.0 | 0.0 |
| Total cash flows from investing activities | 12.6 | -25.6 |

3. Net changes in cash and cash equivalents

|                  |                  |                  |
|                  |                  |                  |
| Cash and cash equivalents 1 January | 1,107.5 | 1,883.2 |
| Cash and cash equivalents 31 December | 1,421.5 | 1,107.5 |
| Net changes in cash and cash equivalents | 314.0 | -775.7 |

### F. Notes to the balance sheet

#### 1. Non-current assets

<table>
<thead>
<tr>
<th></th>
<th>Housing</th>
<th>Automation</th>
<th>Other equipment and furniture</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>€</td>
<td>€</td>
<td>€</td>
<td>€</td>
</tr>
<tr>
<td>Balance 1 January</td>
<td>86,914</td>
<td>21,871</td>
<td>0</td>
<td>108,785</td>
</tr>
<tr>
<td>Mutations 2016:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Investments</td>
<td>1,432</td>
<td>5,994</td>
<td>0</td>
<td>7,426</td>
</tr>
<tr>
<td>- Receivable landlord *</td>
<td>-20,000</td>
<td>0</td>
<td>0</td>
<td>-20,000</td>
</tr>
<tr>
<td>- Depreciation</td>
<td>-36,338</td>
<td>-8,990</td>
<td>0</td>
<td>-45,328</td>
</tr>
<tr>
<td>Balance 31 December</td>
<td>32,008</td>
<td>18,875</td>
<td>0</td>
<td>50,883</td>
</tr>
<tr>
<td>Purchase value</td>
<td>182,166</td>
<td>193,037</td>
<td>13,389</td>
<td>388,592</td>
</tr>
<tr>
<td>Cumulative depreciation</td>
<td>-150,158</td>
<td>-174,162</td>
<td>-13,389</td>
<td>-337,709</td>
</tr>
<tr>
<td>Balance 31 December</td>
<td>32,008</td>
<td>18,875</td>
<td>0</td>
<td>50,883</td>
</tr>
</tbody>
</table>

* During 2016 € 20,000 has been received from the landlord as contribution in the investment of the housing of HIL.
### Revolving fund

<table>
<thead>
<tr>
<th></th>
<th>31-12-2016</th>
<th>31-12-2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance 1 January</td>
<td>330,578</td>
<td>330,578</td>
</tr>
<tr>
<td>Allocation net result</td>
<td>-330,578</td>
<td>0</td>
</tr>
<tr>
<td>Balance 31 December</td>
<td>0</td>
<td>330,578</td>
</tr>
</tbody>
</table>

The revolving fund was created in 2011 and would serve to support the research. The revolving fund was not used up to date and it is expected that it will not be used in the future. Therefore the revolving fund of € 330,578 is added to the Contingency reserve.

### Contingency reserve

<table>
<thead>
<tr>
<th></th>
<th>31-12-2016</th>
<th>31-12-2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance 1 January</td>
<td>807,166</td>
<td>1,096,140</td>
</tr>
<tr>
<td>Allocation net result</td>
<td>-8,487</td>
<td>-288,974</td>
</tr>
<tr>
<td>Balance 31 December</td>
<td>798,679</td>
<td>807,166</td>
</tr>
</tbody>
</table>

In 2007 the Executive Board and the Supervisory Board decided to build up a contingency reserve, to create a solid buffer to ensure that we can go without a few months of income, without being forced to stop the activities of the organisation. A second purpose of this reserve is to cover the costs in case the organisation would discontinue.

The desired size of the Contingency reserve is € 1,400,000. This amount consists of six months of office costs for closing the office of € 150,000 3 FTE of support HiiL staff for closing down the office of € 130,000, depreciation costs of € 130,000, housing costs of € 390,000 and € 600,000 for bridging a period of a few months without income.

### Short term debts

<table>
<thead>
<tr>
<th></th>
<th>31-12-2016</th>
<th>31-12-2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Still to be spent on the objective *</td>
<td>558,619</td>
<td>356,805</td>
</tr>
<tr>
<td>Balance leave hours and holiday pay</td>
<td>86,855</td>
<td>73,572</td>
</tr>
<tr>
<td>Taxes and premiums</td>
<td>100,469</td>
<td>87,696</td>
</tr>
<tr>
<td>Accounts payable</td>
<td>63,950</td>
<td>143,995</td>
</tr>
<tr>
<td>Pension</td>
<td>11,987</td>
<td>5,301</td>
</tr>
<tr>
<td>Payable personnel costs</td>
<td>11,212</td>
<td>21,929</td>
</tr>
<tr>
<td>Project liabilities **</td>
<td>195,984</td>
<td>94,402</td>
</tr>
</tbody>
</table>

* Still to be spent on the objective represents deferred income or invoiced amounts in 2016 for work that has to be executed in 2017.
** Project liabilities are mainly amounts to be given as grants for seed-funding to support the most promising justice innovations as part of the work of the HIIL Justice Accelerator. It relates to the funding provided by the Ford Foundation, the Municipality of The Hague and the Dutch Ministry of Foreign Affairs.
G. Notes to the income statement

7. Revenues

<table>
<thead>
<tr>
<th></th>
<th>Realisation 2016</th>
<th>Budget 2016</th>
<th>Realisation 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Measuring Justice</td>
<td>1,082,399</td>
<td>1,800,000</td>
<td>774,347</td>
</tr>
<tr>
<td>Innovating Procedures</td>
<td>607,805</td>
<td>1,100,000</td>
<td>1,075,120</td>
</tr>
<tr>
<td>Justice Accelerator</td>
<td>1,153,303</td>
<td>1,200,000</td>
<td>686,137</td>
</tr>
<tr>
<td>Online Justice</td>
<td>569,093</td>
<td>1,790,000</td>
<td>556,339</td>
</tr>
<tr>
<td>Other revenues</td>
<td>2,772</td>
<td>0</td>
<td>16,550</td>
</tr>
<tr>
<td><strong>Total revenues</strong></td>
<td><strong>3,415,372</strong></td>
<td><strong>5,890,000</strong></td>
<td><strong>3,108,493</strong></td>
</tr>
</tbody>
</table>

8. Costs of sales

<table>
<thead>
<tr>
<th></th>
<th>Realisation 2016</th>
<th>Budget 2016</th>
<th>Realisation 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Measuring Justice</td>
<td>385,090</td>
<td>900,000</td>
<td>330,923</td>
</tr>
<tr>
<td>Innovating Procedures</td>
<td>153,217</td>
<td>125,000</td>
<td>355,068</td>
</tr>
<tr>
<td>Justice Accelerator</td>
<td>597,455</td>
<td>450,000</td>
<td>378,611</td>
</tr>
<tr>
<td>Online Justice</td>
<td>399,289</td>
<td>974,000</td>
<td>284,069</td>
</tr>
<tr>
<td>Other costs of sales</td>
<td>5,515</td>
<td>0</td>
<td>19,567</td>
</tr>
<tr>
<td><strong>Total costs of sales</strong></td>
<td><strong>1,540,566</strong></td>
<td><strong>2,449,000</strong></td>
<td><strong>1,368,238</strong></td>
</tr>
</tbody>
</table>

9. Net revenues

<table>
<thead>
<tr>
<th></th>
<th>Realisation 2016</th>
<th>Budget 2016</th>
<th>Realisation 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Measuring Justice</td>
<td>697,309</td>
<td>900,000</td>
<td>443,424</td>
</tr>
<tr>
<td>Innovating Procedures</td>
<td>454,588</td>
<td>975,000</td>
<td>720,052</td>
</tr>
<tr>
<td>Justice Accelerator</td>
<td>555,848</td>
<td>750,000</td>
<td>307,526</td>
</tr>
<tr>
<td>Online Justice</td>
<td>169,804</td>
<td>816,000</td>
<td>272,270</td>
</tr>
<tr>
<td>Other</td>
<td>-2,743</td>
<td>0</td>
<td>-3,017</td>
</tr>
<tr>
<td><strong>Total net revenues</strong></td>
<td><strong>1,874,806</strong></td>
<td><strong>3,441,000</strong></td>
<td><strong>1,740,255</strong></td>
</tr>
</tbody>
</table>

Rights and commitments not appearing in the Balance Sheet

Rights

In 2016 we were awarded a grant for in total € 4,498,846 from the Ministry of Foreign Affairs for the period 1 January 2016 until 31 December 2018 for the program ‘Innovating Justice Strategic Program 2016-2018’. In 2016 an amount of € 1,496,983 (€ 755,683 for Measuring Justice and € 741,300 for Justice Accelerator) of the grant was realised. Expected is that € 1,600,000 of the grant will be used in 2017 and € 1,401,863 in 2018.

Commitments

Guarantee liabilities

The guarantee liability for the corporate credit cards undertaken by ABN AMRO for our account is € 20,000. The guarantee liability for the housing contract undertaken by ABN AMRO for our account is € 37,800, equal to three months rent and service costs inclusive VAT based on the price level in 2013.

Housing

The renting period of the office space at the Bezuidenhoutseweg 16A and three parking lots is five years as of January 1st 2013 until 31 December 2017. Yearly at January 1st an indexation of the rent takes place on basis of the CPI. The estimation for 2017 is that approximately in total € 157,410 inclusive VAT will be paid for the rent of the office space, service costs and the parking lots.

The housing contract is a tacit agreement which means that after the expiring of this period the contract is continued for a period of five years. The term of notice of the contract is twelve months before expiry date. Ultimo 2016 HiiL decided to not extend the current housing contract after 31 December 2017, because we believe, costs can be reduced. New terms with the current landlord or a different location will be explored during 2017.

Leasing

Per December 2015 a new coffee machine was leased. The duration of the contract is 36 months. After the expiry date the contract will be terminated and we must return the coffee machine to the lessor. The monthly fee is € 172 inclusive VAT.

In June 2014 a Xerox copier was leased. The duration of the contract is 60 months and after the expiry date the contract will be extended annually. The monthly fee is € 692 including VAT.

Loan Rechtwijzer Technology

We decided to provide a Loan to Rechtwijzer Technology to support the latter with cash flow and bridging the initial period where no additional financial provision has been secured. The amount of the loan per balance date is € 260,000. The interest rate is fixed and 5%. The loan is not presented in the balance sheet due to the fact that HiiL and the Rechtwijzer entities are consolidated.
### Personnel costs

<table>
<thead>
<tr>
<th></th>
<th>Realisation 2016</th>
<th>Budget 2016</th>
<th>Realisation 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross wages, including holiday pay and year-end bonus HiiL personnel</td>
<td>€1,042,565</td>
<td>€947,880</td>
<td>€947,880</td>
</tr>
<tr>
<td>Social costs</td>
<td>€138,558</td>
<td>€121,114</td>
<td>€121,114</td>
</tr>
<tr>
<td>Pension costs</td>
<td>€93,913</td>
<td>€94,903</td>
<td>€94,903</td>
</tr>
<tr>
<td>Travel expenses commuter traffic</td>
<td>€17,540</td>
<td>€16,160</td>
<td>€16,160</td>
</tr>
<tr>
<td>External Experts</td>
<td>€0</td>
<td>€4,356</td>
<td>€4,356</td>
</tr>
<tr>
<td>Personnel TiU</td>
<td>€232,320</td>
<td>€302,666</td>
<td>€302,666</td>
</tr>
<tr>
<td>Indirect personnel costs</td>
<td>€138,643</td>
<td>€82,062</td>
<td>€82,062</td>
</tr>
<tr>
<td><strong>Total personnel costs</strong></td>
<td>€1,663,539</td>
<td>€2,261,000</td>
<td>€1,569,141</td>
</tr>
</tbody>
</table>

**FTE HiiL**

|                      | 12.9 | 18.5 | 17.3 |

**FTE Rechtwijzer Technology**

|                      | 6.8  | 8.0  | 1.5  |

**Total FTE (interns excluded)**

|                      | 19.7 | 26.5 | 18.8 |

### R&D

<table>
<thead>
<tr>
<th></th>
<th>Realisation 2016</th>
<th>Budget 2016</th>
<th>Realisation 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>R&amp;D</td>
<td>€0</td>
<td>€159,000</td>
<td>€0</td>
</tr>
</tbody>
</table>

In the second half of 2016 we focussed on cost savings and decided to postpone R&D investments.

### Material costs

<table>
<thead>
<tr>
<th></th>
<th>Realisation 2016</th>
<th>Budget 2016</th>
<th>Realisation 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Travel costs</td>
<td>€12,246</td>
<td>€8,000</td>
<td>€8,068</td>
</tr>
<tr>
<td>Jubilee costs (HiiL 10 years)</td>
<td>€0</td>
<td>€0</td>
<td>€12,964</td>
</tr>
<tr>
<td>Housing costs</td>
<td>€152,772</td>
<td>€195,000</td>
<td>€176,812</td>
</tr>
<tr>
<td>Costs Supervisory Board</td>
<td>€230 *</td>
<td>€5,000</td>
<td>€131</td>
</tr>
<tr>
<td>Office costs</td>
<td>€60,951</td>
<td>€78,000</td>
<td>€62,493</td>
</tr>
<tr>
<td>Depreciation costs</td>
<td>€45,328</td>
<td>€75,000</td>
<td>€47,336</td>
</tr>
<tr>
<td>Sales &amp; Marketing</td>
<td>€82,531</td>
<td>€150,000</td>
<td>€35,536</td>
</tr>
<tr>
<td>General costs **</td>
<td>€195,509</td>
<td>€245,000</td>
<td>€123,408</td>
</tr>
<tr>
<td><strong>Total material costs</strong></td>
<td>€549,567</td>
<td>€756,000</td>
<td>€466,748</td>
</tr>
</tbody>
</table>

* Costs of meetings.
** The general costs consists mainly of costs for outsourcing administrative support, auditor, subscriptions and insurances.

### Various income and costs

<table>
<thead>
<tr>
<th></th>
<th>Realisation 2016</th>
<th>Budget 2016</th>
<th>Realisation 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mutation provision bad debts</td>
<td>-€1,772</td>
<td>€0</td>
<td>-€2,621</td>
</tr>
</tbody>
</table>

### Financial income and expenses

<table>
<thead>
<tr>
<th></th>
<th>Realisation 2016</th>
<th>Budget 2016</th>
<th>Realisation 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial income</td>
<td>€1,953</td>
<td>€0</td>
<td>€8,120</td>
</tr>
<tr>
<td>Financial expenses</td>
<td>€4,490</td>
<td>€0</td>
<td>€4,081</td>
</tr>
<tr>
<td><strong>Total financial income and expenses</strong></td>
<td>-€2,537</td>
<td>€0</td>
<td>€4,039</td>
</tr>
</tbody>
</table>
H. Independent auditor's report

INDEPENDENT AUDITOR'S REPORT

To: the Supervisory Board of Stichting The Hague Institute for the Internationalisation of Law.

A. Report on the audit of the financial statements 2016 included in the annual report

Our opinion
We have audited the financial statements 2016 of Stichting The Hague Institute for the Internationalisation of Law based in Den Haag.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Stichting The Hague Institute for the Internationalisation of Law as at 31 December 2016 and of its result for 2016 in accordance with the Guidelines for annual reporting 640 “Not-for-profit organizations” of the Dutch Accounting Standards Board.

The financial statements comprise:
1. the balance sheet as at 31 December 2016;
2. statement of income and expenses for 2016; and
3. the notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion
We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the “Our responsibilities for the audit of the financial statements” section of our report.

We are independent of Stichting The Hague Institute for the Internationalisation of Law in accordance with the Verordening insluit de onafhankelijkheid van accountants bij assurance-opdrachten (VWO, 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 gedrag- en beroepsregels accountants (VGSA, 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’s report.

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

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

By performing these procedures, we comply with the requirements of the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements. Management is responsible for the preparation of the other information, including the Executive Board’s report, in accordance with the Guidelines for annual reporting 640 “Not-for-profit organizations” of the Dutch Accounting Standards Board.

C. Description of responsibilities regarding the financial statements

Responsibilities of the executive board and the Supervisory Board for the financial statements

The Executive Board is responsible for preparation and fair presentation of the financial statements, in accordance with the Guidelines for annual reporting 640 “Not-for-profit organizations” of the Dutch Accounting Standards Board. Furthermore, the Executive Board is responsible for such internal control as the Executive Board 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 Executive Board is responsible for assessing the company’s ability to continue as a going concern. Based on the financial reporting framework mentioned, the Executive 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 Executive 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.

The Supervisory Board is responsible for monitoring the financial reporting process of the organization.

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 scepticism 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 company’s internal control;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Executive Board;
- 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.

Amsterdam, 26 April 2017

Dubois & Co. Registeraccountants

Signed on original by:

A.P. Buseijn RA