



2017 Management Report University of Groningen



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Cover: scenes from 2017.

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25 January 2017

Election of the UG Lecturer of the Year.

Foto: Elmer Spaargaren

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The University of Groningen is ambitious when it comes to education, research and social involvement. The University creates and shares knowledge through outstanding research and education. In 2017, the Board of the University once again communicated intensively with the Supervisory Board to keep it informed of the most important developments and matters at the University. These discussions focused on the themes of internationalization, quality assurance, integrity, business operations and real estate.

Internationalization, and in particular preparations for the branch campus in Yantai, demanded a great deal of attention. Regular discussions were held with the Board of the University and the University Council on the progress of internal decision-making and the development of the legislative process. We were also informed about the future role and responsibility of the University's Supervisory Board once the campus in China had been established. At the beginning of 2018, however, it transpired that the University Council would not support the proposal to the Minister and the Board of the University decided to withdraw the proposal. The Supervisory Board regrets the course of events, but respects the position of the majority of the University Council.

In preparation for the institutional assessment that will take place in 2019, a critical reflection on educational quality assurance was drawn up in 2017 and a mid-term review took place. The Supervisory Board also participated in this process. Following on from the subject of educational quality assurance, in 2017 a great deal of attention was paid to the development of a system of educational charts that present the available information about the quality of education in a clear and transparent manner. Trends in the number of

applications and registrations at the University were also regularly discussed in 2017.

Integrity issues also continued to receive a great deal of attention. The Supervisory Board also drew attention to the importance of placing a greater focus on soft skills. In 2017 a University-wide Code of Integrity was adopted and preparations were made for an integrity programme that was subsequently launched in 2018. Board members, managers and employees will be offered training to help them identify integrity issues and the associated dilemmas and learn how to act accordingly. Members of the Supervisory Board will also participate in the training programme.

In 2016 the Board of the University, in conjunction with the municipality of Groningen and the Hanze University of Applied Sciences, was forced to take measures to prevent future excesses at student associations during the introduction period for new student members. Unfortunately, in 2017 there were once again a number of incidents involving student associations. Arrangements aimed at a change in culture have been agreed with the student associations. As part of these arrangements, an accreditation system for student associations has been introduced as an instrument to monitor the changes and to agree supplemental arrangements wherever necessary. In September 2017, the final report by the Accreditation Committee for the assessment of student organizations was discussed. The UG is not yet satisfied with the results.

The University has an ambitious long-term accommodation plan and is about to take a number of major investment decisions. This concerns in particular the tendering process for the Feringa Building and the development of the Healthy

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Ageing campus. In 2017, in consultation with the Board of the University, regular discussions were held regarding updates to the planning, reports, agreements with NAM on earthquake issues and the tendering process for new projects. For a number of years now, accommodation planning has formed an integral part of the University's budget (long-term perspective). Given the fact that construction costs are currently rising and the impact this may have on the University's future operating costs, this is a particular point of concern for the Supervisory Board at the moment.

In 2016 the University appointed a new external accountant. This change has led to new points for attention, both in the 2016 management letter and in the 2016 accountant's report, the most important of which being the further standardization of administrative processes, coordination with UMCG Teaching and Research (O&O, Onderwijs & Onderzoek) and the valuation of projects. These points for attention were discussed with the Board of the University and with EY, the external accountant. We have established that the points for attention are being addressed and form part of the further professionalization of the organization.

The University of Groningen is ambitious and has a proven track record. In order to remain successful, it is important that people in the wider society as well as within the University support the realization of those ambitions. This is both a quality and an achievement of many individuals, each playing their own role.

T.H.J. Joustra
Chair of the Supervisory Board



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President of the Board of the University

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This is the second Strategic Plan since I was appointed President. In 2017, the University was halfway through the current planning period (2015-2020). Looking back, it is noticeable that, on the one hand, there is a high degree of continuity in terms of the University's vision and strategy, while on the other hand, the spirit of the times and thus the context in which the plans are realized has changed considerably. Partly as a result of government policy, University-wide agreements on positioning and performance dominated the previous planning period. In the current planning period, this perspective has shifted based on the notion that the success of an organization in the areas of teaching, research and societal impact (valorization) is determined by its academics: by their talent and their joint commitment. They are facilitated by the various boards who create the appropriate conditions and make choices that offer perspective. For example, the current Strategic Plan and the choices made in it are based on the University's base level, and a large part of the University's Policy Fund is made directly available to the faculties.

Many initiatives that were launched in 2015 are starting to deliver promising results. This particularly applies to the University's participation in the PhD Scholarship Programme Experiment. There was a lot of criticism at the start in 2016, but the experiment turned out to be a great success. The University received permission from the Minister to appoint 850 PhD scholarship students for a period of five years; the experiment is yet to reach the halfway mark and 500 PhD students have already enrolled. The interim independent evaluation shows that these students are satisfied with their legal status, the guidance they receive and the facilities at their disposal and – and this is particularly interesting – they are satisfied with their inclusion in the research

group. I think that the freedom they have to design their own research proposal and choose their own supervisor fits in very well with the way in which young people are living in our information society – they are independent, curious and enterprising. A final assessment will be made at the end of the 5-year period that the Minister has allocated for the experiment and we can look forward to it with confidence. This is probably as good a time as any to thank the Dean of Graduate Schools, Prof. De Leij, who has been leading the project with great enthusiasm and finesse right from the beginning.

In 2016, nine of the UG's programmes were awarded the 'Top Degree Programme' title in the Higher Education Guide for Master's degree programmes. Last year, that number rose to 18; too many to mention individually in this preface. However, I would like to make an exception for the Nanoscience Master's degree programme, which was awarded the 'Top Degree Programme' title for the 5th year in a row. Now, numbers don't tell the whole story. It is also important to know how we arrive at those numbers. The UG received such high scores during the Higher Education Guide quality assessment because students in Groningen evaluated their programmes as well organized and – perhaps most importantly – challenging slightly more often than students elsewhere. In other words, our lecturers and researchers have a click with their students. And as we all know, that is no easy task with today's students. In our society, in which young people have enormous opportunities to tap into sources of knowledge and to blossom and develop, you really have to put in a lot of effort to prove to them that they have to study at your institution in order to get ahead. The fact that our lecturers and researchers are able to do this shows that the UG is a centre of creativity,



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one of the places in the world which is working towards and building the future.

This is underlined by the fact that our Faculty of Economics and Business was re-accredited last year by both the European Accreditation Institute EFMD and the AACSB International, The Association to Advance Collegiate Schools of Business. The combination of these two accreditations is rare and is proof of the high quality of the Faculty's education. The AACSB notes that the students' active involvement in their degree programmes is extremely high. Here, too, there is a noticeable click between the students and their lecturers. I think the word 'active' here is essential. Lecturers and researchers at FEB know that teaching is not something that you 'provide', it is something that you do together with the students. I think this is the secret behind the high ranking of our Master's and Bachelor's degree programmes. Last year, ten of our Bachelor's degree programmes were named 'Top Bachelor's Degree Programmes' in the Higher Education Guide for Dutch Universities. Again, I cannot mention all of them here, but I will make another exception; the Philosophy degree programme was rated the 5th best degree programme in the Netherlands.

The quality of the degree programmes is reflected in our students' activities. Last year, the team of UG students that participated in the iGEM competition also achieved an excellent result. The international Genetically Engineered Machine competition is a global competition where students have to develop a microorganism with a new, socially relevant application. The UG team won a gold medal with its project for a detection mechanism for viral infections that can disrupt the fermentation of dairy products. But it is not just our synthetic biologists who are excelling. Let us not forget the team of Law students who won first prize (the silver Thorbeckepenning) at the biennial 'Student Parliament'.

Our students not only participate in prestigious national and international competitions; closer to home, too, they use their energy and creativity, and put their academic insights into good use. For example, students of the Applied Linguistics Master's track collaborated with Syrian refugees to develop a

series of recommendations that could play an important role in teaching immigrants in Dutch. This is just one of the many initiatives that our students are developing in the city and the region. Usually these initiatives remain under the radar, in the sense that they do not end up on the front pages of the newspapers. However, I would like to emphasize that students who take part in these projects are making an important contribution to the dissemination of knowledge in society.

Over the past year, the UG has continued to do well in major international rankings. In the Shanghai ranking (ARWU) the UG rose 13 places to 59th last year. In the Times Higher Education Ranking (THE), the UG dropped slightly from 80th to 83rd. The UG currently ranks 113th on the QS ranking list. These results demonstrate once again that the UG is in the premier league of global academic teaching and research. This is also reflected by the fact that no fewer than ten UG researchers have received grants from the European Research Council (ERC).

In 2017 construction on the Energy Academy on the Zernike Campus was completed. Long before it was finished, the Energy Academy was already known as one of the most beautiful buildings in Groningen. Upon completion, the prizes started to roll in. On 7 March 2017, the building won an international BREEAM Award for sustainable new construction, which is a very prestigious prize. The jury awarded the prize to this building because it is the most sustainable educational building in the Netherlands – it produces more energy than it uses. On 23 June, two more local prizes followed. On the Day of Architecture, the building won both the people's choice award and the professional jury prize. The public thought the building was beautiful, and the jury also pointed out the character of the building as a meeting place. The building has been designed in such a way that the business, research and teaching communities feel at home.

I am very pleased that this beautiful building has been home to the New Energy Coalition since late 2017. The New Energy Coalition is the result of a merger between Energy Valley, Energy Delta Institute and the Energy Academy



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Europe. I believe it will accelerate the activities of the three organizations, now that they are working together under one board and can therefore coordinate their efforts. The Zernike Campus is fast becoming one of the most powerful sources for energy transition in the world. The fact that the United Nations International Knowledge Centre for Climate Adaptation will be housed in the Energy Academy shows that the potential of our campus is widely recognized.

Many Dutch people realize the importance of studying questions such as: 'How did life arise on our planet and in the universe?', 'How will life develop?', 'Can we build living cells in the laboratory?' and 'Is there also life on other planets?' That was apparent in 2015 when Dutch people were given the chance to come up with research questions for scientists. Now, two years later, a virtual centre has been set up; the Origins Center, where scientists from 17 universities and research institutes look for answers. An important figurehead at the Origins Center is Nobel prize winner Ben Feringa. The Netherlands Organisation for Scientific Research (NWO, Nederlandse organisatie voor Wetenschappelijk Onderzoek) sees the Center as a way to pursue the Dutch National Research Agenda and provides € 2.5 million in subsidies. I have high expectations for the work of this virtual centre. It is often the case that questions from people in society accelerate academic research. The relationship with an audience that has high regard for academic knowledge has a stimulating effect on the researchers and often leads to collaborations, which without the influence of interested non-academics would remain off the radar.

In my opinion, it is vital for academic research to continue to look outwards, in the sense that connections and networks are built not only within the University and the research institutes, but also with institutions and individuals in the wider world. Anyone who wanders around the Zernike Campus today can see with their own eyes that it is bustling and bursting with innovative companies, which together with the UG and the Hanze University of Applied Sciences convert scientific and technical knowledge into new services and products. Last year saw the establishment of Northern Knowledge, a partnership between the UG, the Hanze

University of Applied Sciences, the UMCG and the Business Generator Groningen Foundation (SBGG, Stichting Business Generator Groningen). Northern Knowledge will act as an interface between the three knowledge institutions and the business community. In this way, the UG, the Hanze UAS and the UMCG can coordinate their valorization programmes with each other and, at the same time, the three institutions will become more transparent for knowledge-intensive companies and start-ups looking for state-of-the-art knowledge to shape innovation projects. The Northern Knowledge front office is located in Start-up City on the Zernike Campus.

The UG bought the characteristic former Beursgebouw in the heart of Leeuwarden. The Beursgebouw will be the main building for Campus Fryslân in Leeuwarden, the University's 11th faculty. It will be home to about 1000 students and provide both teaching and research rooms. The Faculty will be launching the first academic degree programme in the Netherlands in the field of corporate social responsibility at both Bachelor's and Master's levels. Here, too, cooperation with the business community is, of course, a top priority. Graduates will be in a great position to manage sustainability processes in industry, agriculture and livestock farming. Furthermore, the campus will become an important innovative factor in Europe's efforts to achieve a sustainable economy and technology.

The UG has always received a great deal of support from its alumni, who support the University from circles scattered around the globe with advice, assistance and funding. In 2017, thanks to a considerable donation from an alumnus, the University has been able to set up the Groningen Cognitive Systems and Materials Center (CogniGron) at the Faculty of Science and Engineering. In this centre, researchers in the fields of Artificial Intelligence, Mathematics, Computer Science and Materials Science will work together to develop new materials and algorithms that can serve as physical building blocks for a new generation of cognitive computers; computers capable of learning and adapting to the environment.

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In the past year, intensive discussions have taken place University-wide and in the University Council about the Board of the University's intention to offer a number of entire UG degree programmes in Yantai. In early 2018, it became clear that the University Council would not agree with the corresponding proposal that was to be submitted to the Minister. For this reason, the Board decided not to submit this proposal. It will come as no surprise to you that I personally am disappointed with this development. I remain convinced that a UG Campus in Yantai would have given the UG a unique position in the relationships between European and Chinese science and research. The Board will now explore existing alternatives for intensive collaboration between several faculties and our partner, China Agricultural University.

Internationalization is and remains a key objective of the University's strategic policy. In the past year, the Board of the University has also established or strengthened links with a large number of universities and knowledge institutes. It is crucial that the UG is an attractive place to study for students from all corners of the world and that our students also follow parts of their degree programmes in other countries. As I mentioned earlier, the success of an organization in the areas of teaching, research and societal impact (valorization) is determined by its academics: by their talent and their joint commitment. And science and academia know no borders; today, that is more true than ever.

Sibrand Poppema
President of the Board of the University



Photo by Peter van der Sijde



8 March 2017

Lilianne Ploumen (l) receives the 15th Aletta Jacobs Prize.

Photo: Elmer Spaargaren.

1. Mission and vision

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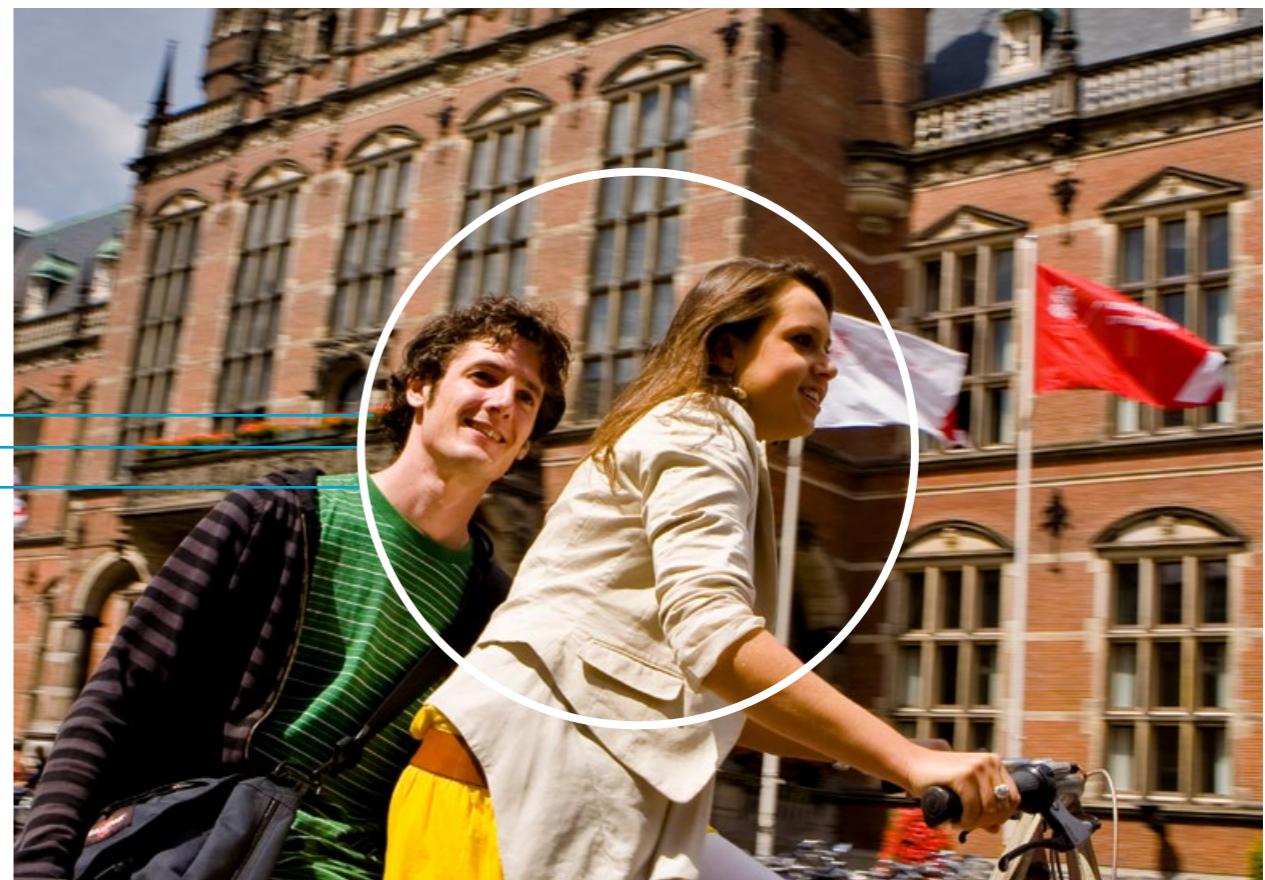
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FOUNDATION YEAR	1614
NO. OF FACULTIES	11
SOCIAL THEMES	Healthy Ageing Energy Sustainable Society



The University of Groningen (UG) is an ambitious international research university with strong, thriving roots in the north of the Netherlands. The University creates and disseminates knowledge through outstanding research, teaching and academic practice. With an academic tradition dating back to 1614 and a rich heritage, the UG is a unique academic community with a strong sense of belonging to and involvement with society, and with a culture of innovative teaching and research.

1.1 Values

The core values of the University of Groningen guide how decisions are reached and how staff, students and stakeholders work together.

Academic freedom

Teaching and research take place in a climate of freedom of opinion and expression: the University of Groningen defends the academic freedom of its staff and students as defined

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by UNESCO in 1997. In the spirit of academic freedom for staff and students, the UG adheres to the Magna Charta Universitatum (1988), to which it is a co-signatory, and to the codes of practice of the Royal Netherlands Academy of Arts and Sciences (KNAW) and the Netherlands Organisation for Scientific Research (NWO).

Integrity

Integrity is at the heart of the UG's activities. Integrity translates into honesty, openness and transparency in our methods and reporting, and is the foundation of our research and teaching. Integrity and academic freedom go hand in hand.

Diversity and social inclusion

Diversity is an important aspect of academic success, and we embrace it by valuing and respecting the perspectives and contributions of all UG staff and students, and by stimulating a sense of involvement in an inclusive academic community. By continuous interaction between staff and students and their participation in governance, university-wide commitment to UG strategies and policies is realized.

Innovation and openness

The University of Groningen continually strives to improve in everything it does. We are receptive to new ideas and seek to increase our knowledge of unfamiliar fields. We operate internationally to expose ourselves to different views and approaches, and are keen to make new contacts and build new relationships. Open Access, Open Research and Open Data are important strategies for realizing these goals. They help us achieve excellence in research, teaching and societal impact.

Accountability

Our credibility is built on our values with regard to innovation, inclusion and integrity, and the way we operate to find answers to today's social challenges. This is reinforced by our commitment as a public organization to be accountable for and transparent about all our actions.

Sustainability

Sustainability and social responsibility are consistently integrated in our teaching, research and governance. We believe that, through cooperation with our students, staff and other leading partners, we can make a difference in this regard by jointly helping to create a circular economy and a sustainable society.

1.2 Activities

The UG's core activities centre around research, teaching, societal impact and talent development. Research and teaching are driven by curiosity and tie in with the needs of the global community. Research at the UG is based on powerful core disciplines. More extensive information can be found in the individual chapters.

Research

UG research is based on vital core disciplines with a critical mass of researchers. Sufficient numbers of researchers lead to a creative, critical environment in which new ideas can be realized and fresh talent can prosper. Strong core disciplines are also indispensable for interdisciplinary research. This is not only required to obtain fundamental insights, but also to find innovative solutions for today's social challenges. The UG has a responsibility to contribute accordingly, which is why we devote particular attention to fundamental questions that are typical of the Northern Netherlands, such as a shrinking and ageing population, but also the problems associated with gas extraction. The UG wants to create an environment that encourages fundamental disciplinary as well as cross-disciplinary research and that supports researchers. In this regard, three aspects are essential: an eclectic and international setting, an up-to-date IT infrastructure and an entrepreneurial mindset.

Teaching

The goal of education is to teach students the values, skills and knowledge that they need to develop into the next worldwide generation of independent, responsible leaders, innovators, academics and professionals that is able to think



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critically. To that end, students are educated in a stimulating environment that is tailored to personal development and ambition, to creativity and an entrepreneurial mindset, and to a mutual pursuit of excellent results. Such an environment is inspired by leading, current research, highly motivated teachers and relevant social issues in a national and international context. In order to enable students to attain the required competences, employability on the labour market and business skills are permanent fixtures of the UG's Bachelor's and Master's programmes. Moreover, our career services are in the process of being optimized so as to enable students to plan their career and find a suitable job.

Societal impact

The UG is collaborating with public-sector bodies, businesses and society at large to mutually share knowledge and to generate new investments in research. As we consider it essential to support the region that houses us and to help it develop, this collaboration has a regional focus. It takes place in the form of consultancy and partnerships between the public and the private sectors. We are also involved in a broad range of contracts and activities that enable the generation of knowledge, the sharing of results and the registration of patents and licenses (societal impact). The UG supports these activities with a local, national and international infrastructure for knowledge transfer and technology. Three research areas have been prioritized: Energy (the transition to a sustainable, green society), Healthy Ageing (prevention, care and treatment), and Sustainable Society (creating and maintaining a balanced society).

Talent development

Talent development is essential to achieve excellent results in teaching and research. The UG will not be able to continue to achieve excellent results if it does not attract talented staff and support their development. This is why the UG is committed to maintaining an environment in which talent is recognized and fostered. Staff, PhD candidates and other students are given every opportunity to train and develop specific talents. Learning to work in an international environment and learning to work with others are essential elements of this training, along with acquiring a socially

responsible attitude and an entrepreneurial mindset. This way, the UG is able to offer society a competent and well-informed workforce that can make a significant contribution to resolving the problems we face.

1.3 Ambitions

The University of Groningen is an international academic community in which intradisciplinary and cross-disciplinary research leads to scientific breakthroughs and societal innovation, and in which talented students are trained as innovators who will contribute to a sustainable society. Its research and teaching are driven by intrinsic curiosity as well as interaction with global society.

Research at the UG, which is of the highest standing, is based on strong core disciplines and a critical mass of researchers. These strong core disciplines are the foundation of our cross-disciplinary research. Our research in these core disciplines and our cross-disciplinary research help us to both deepen our fundamental understanding and knowledge of the world and find innovative answers to today's social challenges. Understanding the world and putting this knowledge to use are two key responsibilities.

For this reason, the UG actively engages in the dissemination of knowledge and converting this knowledge into economic and societal value. We do so with an emphasis on our three research priorities – Healthy Ageing, Energy and Sustainable Society – and with a specific focus on the needs of the Northern Netherlands. We want our students to become active, independent and responsible citizens who can think critically and help solve today's scientific and societal challenges and become the entrepreneurs of tomorrow. To achieve this goal, we place a high priority on small-scale teaching.

Exceptional teaching and research are only feasible from diverse perspectives and with an academic community that comprises different talents and nationalities. Talented staff and students from all over the world are attracted by the

career prospects and challenging degree programmes we offer. The UG has developed a knowledgeable workforce that can make a significant contribution to a deeper understanding of the world and solving the challenges it faces. Finally, we believe that it is important to keep in touch with our alumni around the globe and to enable them to contribute to the UG's mission.

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These six ambitions for 2020 derive from the Strategic Plan 2015-2020.

1. The University of Groningen aims to consolidate its position as an international academic community with strong local roots. One of the ways in which we want to achieve this is to establish national and international branch campuses.
2. We will help our researchers work on new – sometimes high-risk – ideas by fostering an innovative and entrepreneurial attitude. Fundamental disciplinary and cross-disciplinary research with strong international partners, together with innovative interaction with society, will be central to the research-driven education that we provide.
3. We expect our students to be committed and responsible participants in the teaching and learning processes. Our educational strategy therefore focuses on enabling our students to be active learners.
4. Putting knowledge to practical use is a key responsibility of the UG. Disseminating knowledge and converting it into sustainable economic and societal processes, services and business activities are cornerstones of our strategy.
5. We acknowledge a shared responsibility for UG strategy, management and operations. Accountability and transparency with regard to quality and funding are fundamental in this respect.
6. Our alumni form an important link to society, and we welcome their involvement in our teaching and research through their contributions in alumni networks and various other activities.



10 April 2017

Around 120 pupils from 10 schools in the Northern Netherlands compete in the 'Bèta Battle'.

Photo: Marcel Spanjer

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Universiteit Göttingen (D)
Universiteit Gent (B)
Fudan Universiteit (CN)
Tsinghua Universiteit (CN)
Peking Universiteit (CN)
Osaka Universiteit (JP)
ITB (ID)
Universitas Indonesia (ID)
Universitas Gadjah Mada (ID)
UNAM (MX)

NO. OF ALUMNI

125,000

On the basis of Article 1.8 of the Dutch Higher Education and Research Act (WHW, Wet op het Hoger Onderwijs en Wetenschappelijk Onderzoek), the University of Groningen is an independent administrative body under public law. On 1 October 2017 29,702 students were enrolled at the University (primary enrolment), and staffing reached 5,779.9 FTE by the end of 2017. In 2017, the University had 11 faculties and five non-faculty units: the Office of the University, the University Services Department, the Center for Information

Technology (CIT), the University Library and the Centre for Advanced Radiation Technology (KVI-CART). Campus Fryslân in Leeuwarden is the University's 11th Faculty.

The average number of employees in 2017 was 5,991, of whom approximately 59% were academic staff. Compared with 2016, the average number of employees increased by about 100 FTE.

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In addition to the Netherlands, the University of Groningen has a presence and is active in multiple countries. In Germany, for instance, we have set up the University of Groningen North West Germany (UGNWG) branch in Papenburg in order to promote cooperation in the Northern Germany border region.

In addition, the Royal Netherlands Institute in Rome also forms part of the University (Rome Campus) and the UG is also actively involved with several research centres in various countries, such as the Dutch Scientific Institutes Abroad in Saint Petersburg, Athens, Cairo and Florence.

2.1 Yantai branch campus

In 2017, the preparation work for a proposal for the provision of transnational education in Yantai was completed. The FSE and FRW Faculty Boards and the employees responsible for the relevant degree programmes were closely involved in this preparation phase. In mid-2017 the proposals were approved by both Faculty Councils, after which the Board of the University held intensive discussions with the University Council. In response to questions and objections from the University Council to the draft proposal, a working group consisting of members of the Council supplemented by three content experts from the Office of the University worked on improving the draft proposal.

At the beginning of 2018 the Board of the University decided not to submit its proposal to offer transnational education in Yantai (China) to the Minister of Education, Culture and Science. Although the Board of the University regrets this, it realizes that there is simply not enough support within the University Council for the proposal, and without the support of the University Council, the Minister of Education, Culture and Science (OCW, Onderwijs, Cultuur en Wetenschap) will not process it.

This means that the Board of the University has cancelled its plans to offer entire degree programmes under the responsibility of the UG in Yantai. In 2018 we will investigate, together with the faculties and degree programmes, which other forms of collaboration are possible in Yantai. The Board of the University immediately informed all parties involved both in the Netherlands and China of this decision.

Thus far, preparation costs have been at the expense of the UG, pending the final decisions in the Netherlands and China to set up the branch campus. In 2017 these costs amounted to € 750,936 in personnel costs, of which approximately € 231,000 was based on hours worked at integral cost price and approximately € 519,000 was due to appointments for the project. The total amount for other expenses came to € 429,988. The latter amount mainly consists of travel expenses and the costs for hiring external expertise. The preparation costs have been fully paid out of the University's private revenues. The private revenues in 2017 (€ 1,501,292) originated from UOCG Market B.V. (pay-out of dividend and sale of shares) and the Foundation for Academic Training Groningen (AOG Foundation, gift).

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The table below shows the progress of the UG's private special-purpose reserves from the financial statements for 2015 to 2017.

Progress of UG private special-purpose reserves, amounts in €

	YR 2015	YR 2016	YR 2017	TOTAL
Start balance	0	144,200	165,700	
Additions	900,000	880,000	1,501,292	3,281,292
Withdrawals, of which:				
- personnel costs	-566,701	-510,683	-767,004	-1,844,388
- material costs	-189,099	-347,817	-441,488	-978,404
Final balance	144,200	165,700	458,500	

Over a period of three years, the UG has spent a total of € 2.8 million on preparation work for the UGY from private funds.

2.2 Campus Fryslân

In terms of education, two milestones were passed in 2017. Firstly, NVAO accredited the Bachelor's degree programme in Global Responsibility & Leadership¹ and awarded the programme the special distinction 'Small-scale and Intensive Teaching'. The degree programme was also added to the Central Register of Higher Education Programmes (CROHO, Centraal Register Opleidingen Hoger Onderwijs). Secondly, NVAO also accredited the Master's degree programme in Sustainable Entrepreneurship,² which was subsequently added to the CROHO. The Master's degree programme in Cultural Geography, which has been relocated to Leeuwarden, and the Master's specialization in Tourism Geography and Planning started in Leeuwarden in September 2017.

In 2017, five PhD projects were completed successfully at the University Campus Fryslân (predecessor of UG/CF). The

Graduate School continued to grow in 2017. By the end of the year, there were a total of 15 PhD students, including 9 regular full-time PhD students and 6 external PhD students. Research in the Graduate School is organized around four main research themes: Culture, Language & Technology, Governance, Sustainable Economy and Food & Health.

In 2017, agreements were made between Campus Fryslân, MCL and the UMCG regarding the recruitment, selection and supervision of PhD students on the Food & Health programme. The Data Research Centre at Campus Fryslân was also set up in 2017, which focuses on Data Science and the interaction between society and technology. In 2017 an agreement was signed between Campus Fryslân and Stenden University of Applied Sciences about the Centre for Internationalization of Education. By the end of 2017 this Centre had admitted 4 external PhD students.

In 2017 the Graduate School organized the PhD training programme, including the PhD Student Conference, where PhD students from the UCF and Campus Fryslân presented their research and competed for the Best Performance Award. The number of academic and support staff increased from 7 to 19 employees in 2017.

¹ See https://search.nvao.net/files/5a097bobo7e1d_005776%20besluit%20RUG%20wo-ba%20Global%20Responsibility%20and%20Leadership.pdf

² See https://search.nvao.net/files/5a37b8577ede3_005823%20besluit%20RUG%20wo-ma%20Sustainable%20Entrepreneurship.pdf

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The University acquired the Beursgebouw in Leeuwarden to accommodate Campus Fryslân. Construction work is expected to be completed in early 2019.

2.3 Collaboration

The UG works together with an abundance of partners and is involved in major networks. The UG maintains close relationships with institutions in pre-university education and higher vocational education for instance, from which many students proceed to university. In this context, the University also has many contacts with partner universities within and outside the Netherlands. Below is an overview of key partnerships in the local area.

UMCG

The University Medical Center Groningen (UMCG) is the affiliation established on 13 January 2005 between the former Academic Hospital Groningen (AZG, Academisch Ziekenhuis Groningen) and the Faculty of Medical Sciences of the University of Groningen. It was established according to the principle that the University would be responsible for teaching and research policy, while the academic hospital would be responsible for patient care, providing employment and specialist medical training. These tasks are inextricably linked. Within the framework of the UMCG an integrated policy is followed for teaching, research, patient care and specialist training.

The UMCG-UG plan document for 2017 was approved by the Joint Policy Body on 6 December 2016, in accordance with Article 12.21 of the Higher Education and Research Act. This document sets out the coordination required between the teaching and research activities and the related patient-care and training tasks.

The Board of Directors of the UMCG approved the teaching programme for academic year 2017-2018, taking account of the staffing and logistical implications for the hospital section of the UMCG, which – subject to conditions – provides the facilities required for clinical instruction, thus enabling

the programme to be organized in such a way as to comply with the learning outcomes set out in the Training of Physicians Decree (Besluit Opleidingseisen Arts) pursuant to the Dutch Individual Health Care Professions Act (BIG: Wet op de Beroepen in de Individuele Gezondheidszorg).

The Groningen Agreement

The University of Groningen is cooperating with the City of Groningen, Hanze University of Applied Sciences (UAS) and the University Medical Center Groningen (UMCG) in what is known as the 'Groningen Agreement'. Arrangements have been agreed regarding the facilities and positioning of Groningen as a City of Talent. Subjects include creating and attracting new knowledge-intensive businesses and knowledge initiatives, implementing traffic measures to keep various city locations accessible, student housing (for Dutch and foreign students), and IT facilities at city level.

Northern Knowledge

In cooperation with the Consortium for Valorization and Entrepreneurship (CVO; with Hanze UAS, the UMCG and regional partners), in 2017 the UG expanded its valorization programme and consolidated the establishment of Northern Knowledge. Northern Knowledge will act as an interface between the three knowledge institutions and the business community. In this way, the UG, Hanze UAS and the UMCG can coordinate their valorization programmes with each other and, at the same time, the three institutions will become more transparent for knowledge-intensive companies and start-ups looking for state-of-the-art knowledge to shape innovation projects. The Northern Knowledge front office is located in Start-up City on the Zernike Campus.

2.4 Alumni relations and fundraising

The Ubbo Emmius Fund (UEF) was set up in 1996 with the aim of bringing 'town and gown' closer together and raising funds for teaching and research projects at the University. The UEF has the status of a Public Benefit Organization and is managed by an independent, unpaid Board comprising

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alumni and other members who are committed to supporting the University. The Board is chaired by Paul Polman, the CEO of Unilever. Gifts to the UEF are not subject to taxation and are allocated in full to the purpose for which they were intended.

Alumni relations

The University of Groningen was one of the first universities in the Netherlands to introduce an active alumni and fundraising policy. For over 30 years, Dutch-speaking alumni and University relations have been receiving the free quarterly magazine Broerstraat 5, which contains news from and about the University and its former students (circulation: 87,000). A reader survey³ conducted in 2017 shows that the magazine is well read and appreciated.

In addition to this, the Worldwide Newsletter (in English) was introduced in 2009 for the growing group of international alumni and relations. Since 2009, Master's and PhD students also receive the Album Amicorum when they graduate, a graduation gift on behalf of the University and the UEF. A total of 4,705 graduates (Master's and PhD students) have thus far received a copy.

Many alumni, young and not-so-young, play an active role in supporting our University. They give guest lectures, allow access to their network and knowledge or make donations to one of the many projects of the Ubbo Emmius Fund. In that context, in 2017 17 international students from 12 different countries were trained as new ambassadors of the University. These International Alumni Ambassadors help as volunteers in activities such as recruiting prospective students in their home countries.

There are active Alumni Chapters both within and outside the Netherlands, giving financial support to UG research projects. The number of Chapters has grown considerably in recent years. In 2017, 6 Chapters were active in the Netherlands and 10 abroad. There is also a Theme Chapter

dedicated to researching the Dead Sea Scrolls. The structure of the Chapters changed in 2017: there is now more emphasis on the general themes of Healthy Ageing, Energy and Sustainable Society and less on the research projects themselves. In total there were 25 Chapter meetings, 11 of which took place in the Netherlands and 14 abroad.

In the foreign Chapters, the initial emphasis is more on 'friendraising', which may eventually lead to fundraising. For young alumni under 35 there is a Young Alumni Network (YAN) for which a few activities are organized every year.

Prizes

UG alumni, employees and relations feel involved in the quality of the University's education. The number of incentive awards that have been established owing to their support attests to this. Often, these awards are linked to a UEF-related named fund. The following prizes were awarded in 2017:

- > Lecturer of the Year (supported by the COWOG Fund) to Dr Malvina Nissim (Computational Linguistics)
- > Aart Bosman Student Excellence Award for the best student of the year: Folkert Nobels, MSc student of both Physics and Astronomy
- > Wierenga-Rengerink PhD Award for the best PhD thesis: Dr Nigel Hamilton and Dr Jordi van Gestel
- > Alumnus of the Year 2017: alumna Merel Rumping, founder and project leader of LegBank, a social business that supplies affordable, comfortable prosthetic sockets to vulnerable lower-limb amputees in low-income countries
- > Avril McDonald Memorial Fund Prize: Maira C. Jimenez Sanchez, Lauren Seex Sietske van der Leest and Meike C. Ploeg
- > Herta Macht Thesis Prize (Spatial Science): Rik Huizinga, MSc in Spatial Science

Named funds

The Ubbo Emmius Fund offers donors the possibility to set up a named fund under its auspices. In this way, donors can contribute to research and degree programmes in a personal and substantial way. In 2017, nine named funds were registered under the UEF.

³ www.rug.nl/lezersonderzoek-b5

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In 2016, a donation from a UG alumnus, who wishes to remain anonymous, led to the creation of the Melkweg 20 Fund. The Fund has two missions: the first is to provide a boost to the development of and make a substantial contribution to increasing the quality of fundamental scientific research at the UG in the field of Exascale Technology, and the second to support specifically selected PhD students at the UG. The Groningen Cognitive Systems and Materials Center (CogniGron) was launched in 2017 with resources from the fund. It is a new initiative at FSE; a collaboration between researchers in material science, computer science, artificial intelligence and mathematics makes it possible to achieve breakthroughs in the development of new materials and of advanced algorithms for a new generation of cognitive computers.

Professorial chairs

Ronald Holzhacker became a professor by special appointment in Comparative Multi-Level Governance & Regional Structure at the Faculty of Spatial Sciences.. His professorial chair – the second UEF chair by special appointment – is sponsored by Unilever Indonesia and Shell Indonesia. The first UEF chair is held by Tjalling Halbertsma, professor by special appointment in East Asian Studies with a focus on modern-day Mongolia at the Faculty of Arts, sponsored by ING Bank, the Mongolia Opportunities Fund, the Riverbed Foundation and the Jack Weatherford Foundation.

Campaigns

In 2017 the UEF launched several fundraising campaigns, which combined various methods, such as telephone campaigns (the Alumni Desk), crowdfunding (www.rugsteunt.nl) and writing to funding bodies. This way, funds were raised for the Eric Bleumink Fund (scholarships for talented students from developing countries, raised € 106,301), the Junior Scientific Masterclass (scholarships for medical students who want to conduct additional research during their training, raised € 28,403 plus € 47,304 through matching by the Van der Meer-Boerema Foundation) and the Groningen delegation to the iGEM competition in Boston, USA, (€ 885).

Fundraising

In 2017, often thanks to the involvement of alumni, the UEF once again received generous contributions from a number of family trusts and equity funds, which were used to fund research projects including research requiring starting capital or additional funding to move to the next level. The donations were as follows:

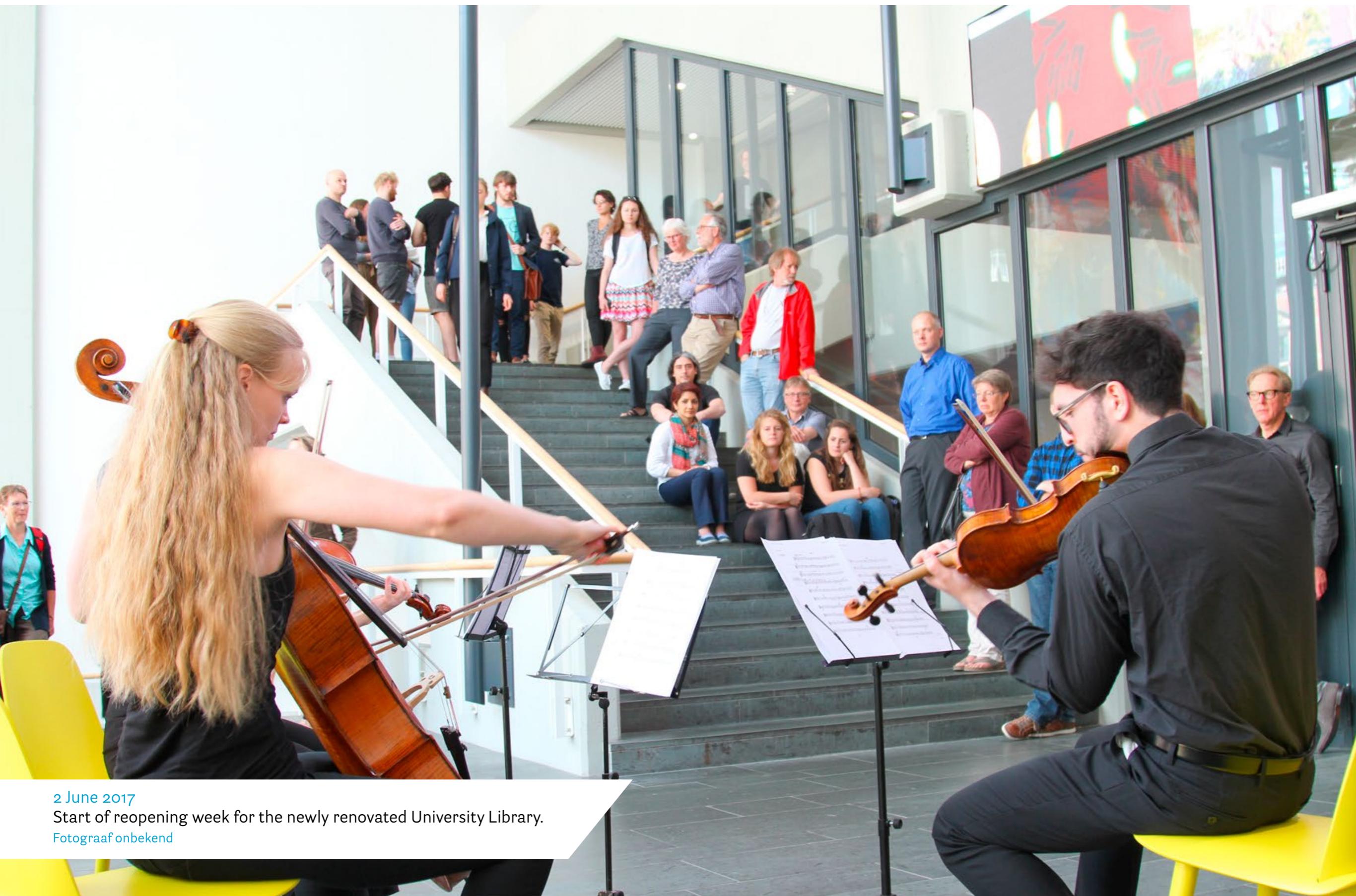
Number of unique donations

	2017	2016
One-off donations	2198	2113
Multi-year or continuous donations	1117	1094
Total number of donations	3315	3207

A special donation was made by the Lymf & Co Foundation for research into Lymphoma (€ 772,000). The UEF received a legacy of € 43,118 from alumnus L. Dijkstra for the Alzheimer's research being conducted by Prof. Ellen Nollen. The Eleven Flowers Fund made € 50,000 available for research into stress in wound care of Epidermolysis Bullosa patients. Aramco Overseas donated USD 80,000 to the Energy Academy Europe.

Developments

Consultations are taking place between the UEF foundation and the Groningen University Fund (GUF) with the aim of working more closely together, both in terms of content and external positioning. As a first step, the UEF's crowdfunding platform will be used to raise funds for travel grants for students.



2 June 2017

Start of reopening week for the newly renovated University Library.

Fotograaf onbekend

3. Research

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NO. OF PHD CEREMONIES

2017: 502 (25 cum laude)

2016: 535 (21 cum laude)

2015: 501 (27 cum laude)

UG'S POSITION IN INTERNATIONAL RANKING LISTS

ARWU: 59

THE: 83

QS: 113

PERSONAL GRANTS

5 ERC Starting Grant

2 ERC Advanced Grant

3 ERC Consolidator Grant

16 Veni

6 Vidi

4 Vici

The University of Groningen is among the top European research universities. This success is due to the innovative application of fundamental research in order to resolve societal as well as interest-driven issues. To this end, the University participates in many national and international research programmes. Groningen-based researchers collaborate with colleagues all over the world on a daily basis.

This approach reflects the University's research mission, which is to stimulate and carry out good and excellent research, and thus to contribute to:

- > The functioning and well-being of society at local, national and international levels, by creating insights, breakthroughs and innovations in science and by focusing on current social issues

- > The best training for students, by bringing them into contact with the latest and most innovative research in their discipline

In late 2015, the University's new Strategic Plan for the period 2015-2020 was adopted. The Plan is the basis for the University's current policy and objectives. In terms of research, it focuses on:

1. Strengthening our ground-breaking fundamental research base
2. Continuing to invest in fundamental research related to our research priorities of Healthy Ageing, Energy and Sustainable Society
3. Creating a transparent and well-facilitated research environment
4. Stimulating emerging areas of research across the boundaries of disciplines.

Together with the faculties, we made a start with formulating and initiating concrete activities aimed at these objectives and with attaching quantitative parameters to them. One of these activities was the implementation of the Investment Agenda, specifically in anticipation of the Strategic Plan.

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3.1 Basis for fundamental research

Investment Agenda

In 2014, the Board of the University decided to draw up an Investment Agenda in order to reinforce our teaching and research, with the emphasis on research. The sum of € 35 million has been reserved for implementing the Investment Agenda, and 28 Faculty Plans have been elaborated. In September 2015, implementation of these plans commenced.

The plans have the following general goals:

- > The realization of clear and attractive faculty research profiles for researchers, students and external parties by more effectively identifying relevant themes for long-term faculty research and by appointing additional staff
- > Collaboration with other faculties and/or disciplines and the strengthening of fundamental research into the University's society-oriented themes
- > Strengthening the profile of the Master's programmes by more closely aligning the portfolio with the envisaged research profile and research strengths, and by increasing teaching capacity to facilitate modern and contact-intensive teaching in line with the University's vision for education.

Results of the Investment Agenda 2017

Faculty reports at the start of 2017 showed that progress on several projects was slow. The main reason for this was the inability to fill academic staff positions for the implementation of the projects. In response to this, the Board asked the faculties concerned to draw up a new budget (plus justification) and an appropriate planning period. Based on this, the projects are now being continued and closely monitored.

FACULTY	RESEARCH/SI	TEACHING
FEB	Health Economics	MSc in Health Economics
	Energy Economics	MSc track in Energy Economics
	Leadership	
FGGW	Religion & Conflict	MA track in Religion, Conflict & Globalization
	Religious Diversity	MA track in Religious Diversity
BSS		MA track in Environmental Psychology & Energy
		MA track in Clinical Forensic Psychology & Victimology
		MA track in Sustained Mobility & Traffic Psychology
		MA track in Youth (0-21), Society & Policy
		MA track in Evidence-informed Education + Educational Leadership programme
Arts		MA track in Social Networks in a Sustainable Society
	Digital Humanities	MA track in e-Humanities
		MA track in Cultural Leadership
		Positioning of Art History, European Languages & Cultures
UMCG	Nutrition & Human Health	MSc track in Nutrition & Health
	Personalized Health	MSc track in Personalized Health
	Medical Imaging	MSc course units on Medical Imaging
	Immunology of Ageing	MSc track in Immunology of Ageing
Law	Digital Security	
	Sustainable Financial Practices	
FRW	Societal impact – tWIST	
	Sustainable Landscapes	
Phil		MA in Politics, Philosophy & Economics
FSE	Adaptive Life	Update of MSc programmes in Life Sciences
	Engineering	MSc in Mechanical Engineering; MSc in Systems & Control
	Agro&Food	
	EnergySense	MSc track in Nutrition & Sustainable Health
KVI-CART	Proton Therapy	

The reports for 2017 show that almost all projects are now in line with the adjusted project schedule. A limited number of positions have not yet been filled, partly due to the departure of staff recruited earlier, partly due to the inability to find

good candidates and partly due to other reasons. The returns on the Investment Agenda for most projects are still limited, which may have consequences for the continuation of activities in the longer term. This is a matter of concern

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and must be carefully monitored over the next few years. All teaching innovations for Master's degree programmes in the Investment Agenda have commenced, with the exception of Health Economics, Mechanical Engineering, Systems & Control and Nutrition & Sustainable Health. For the last three, this is due to the desire to coordinate with the other universities involved in the 4TU partnership. The Mechanical Engineering degree programme has now taken a positive decision on macro-efficiency. Regarding the New Programme Assessment, the visitation has taken place and the report on this is expected in mid-2018.

Talent policy

To reinforce its research the University devotes particular attention to talent policy, from the Research Master's stage to professorship. This is done at University as well as faculty level. Key aspects of this policy include the Tenure Track programme, the Rosalind Franklin Fellowship, the new PhD Scholarship Programme in the Graduate Schools, the Young Academy Groningen and the Dean of Talent Development.

PhD Scholarship Programme

In the context of the PhD Scholarship Programme Experiment of the Ministry of OCW, on 1 September 2016 the University launched a programme for a maximum of 850 PhD scholarship students who will be starting the programme in the course of five years.

In 2017, a total of 336 PhD scholarship students were admitted to the Programme. Together with the 158 from 2016, this brings the total intake to 494 (for the period up to and including 2017). Nine PhD scholarship students dropped out of their programme, which means that on 31 December 2017, 485 PhD scholarship students were working on their PhD project.

About half of the PhD scholarship students receive a full scholarship. The other half are international PhD scholarship students who have a scholarship from their home country and receive a 'top-up' grant within the PhD programme, which gives them a net income that is at the same level as that of PhD students with a full scholarship. The scholarship

payment method chosen by the UG guarantees all PhD scholarship students, including those with a 'top-up' grant, proper integration in the Dutch social system.

Key aspects of the PhD Scholarship Programme are that PhD scholarship students can choose their own supervisor, write their own research proposal and are offered a customized teaching programme (the Career Perspectives Series). This helps prepare them for their future career as a PhD graduate, in or outside the academic world.

In September 2017, the first year of the programme was evaluated. Part of the evaluation was the biennial survey conducted among PhD scholarship students in May 2017. A comparison between the results of the first-year PhD scholarship students and other first-year PhD students reveals that PhD scholarship students are at least as satisfied as their colleagues when it comes to rights and facilities, supervision and anchoring in the research group.

Young Academy Groningen

The Young Academy Groningen (YAG) was established in 2015. The YAG is not a separate legal entity, but a select group of young, talented and more widely oriented scientists at the University of Groningen who have been brought together. The objective is to train and develop young scientific talent for management tasks, to strengthen cooperation between the disciplines at the University and to develop and strengthen the University's public activities ('outreach'). In 2017, the organization and inclusion of the YAG in the UG was taken to the next level. Rules and regulations have now been adopted and the mission has been approved. In 2017, the YAG also welcomed 8 new members; the YAG now has a total of 24 members.

Throughout the year, the YAG organized several events for young researchers to stimulate the creation of a peer network. During these events, important topics related to successful career development in the world of research were discussed, such as negotiation strategies, work-life balance, time management, mentoring and securing funding. Various other activities were also organized to inform young

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researchers about the available infrastructure and support at the UG (such as HR, talent development, financing and communication).

In addition, 3 YAG-PhD projects were launched in October 2017 to promote the interdisciplinarity of young researchers, which is one of the objectives of the YAG. Each project is supervised by two YAG members.

Dean of Talent Development

In order to support talent in the continuous learning pathway from junior researcher to senior researcher, a 'Dean of Talent Development' was appointed in 2011. Together with a support team, the Dean plays a role in applications for NWO and ERC grants, nominations for election to the Young Academy of KNAW and membership of KNAW, and nominations for awards such as the NWO Spinoza Prize. In 2017, a plan was set in motion to raise the University's talent policy to a higher level, in cooperation with the faculties.

3.2 Societal themes

In cross-disciplinary research, the boundaries between classical disciplines are torn down. This is not only required to obtain fundamental insights, but also to find innovative solutions for today's societal challenges. That is why the University, in the years to come, will invest more in the realization of this type of research, also to increase the impact of our three focus areas.

In 2017, partly due to the intended merger of the Energy Academy Europe, the Energy Delta Institute and Energy Valley and a UMCG survey on the Healthy Ageing logo, a discussion was started on how to interpret, embed and support the social aspect of the University. In addition to the results of the UMCG survey, the interim evaluation of the Sustainable Society theme is also being taken into consideration. This discussion will be concluded in 2018 and, on the basis of the results, the social themes and the related cross-disciplinary research will be repositioned.

3.3 Research environment

Proper facilities for researchers and an open setting to work in are key preconditions for the performance of research. As the University attaches great importance to sharing knowledge and ensuring such knowledge is gained in an ethical way, it is committed to Open Access, Research Data Management and Academic Integrity. In that light, we actively support our researchers by creating the infrastructure required for this, such as PURE (the University's research information system) and the Research Data Office. Faculties will facilitate researchers by appointing Faculty Funding Officers and by providing electronic facilities such as Datalab, e-Lab and Workspace.

Open Access

In 2017, the University introduced its Green Open Access policy. Researchers are requested to submit a full text of all their peer-reviewed articles to PURE; the University Library will then ensure these are properly processed and disclosed. By mid-2017, approximately 38% of the more than 6200 peer-reviewed UG academic publications from 2016 were available via open access (16% gold, 7% hybrid, 15% green). In 2015 this was just 29% of the 6,065 publications. The increase can mainly be attributed to the larger number of UG publications that have been made accessible online via the University's own repository (~ the green route). UG authors still seem to make relatively little use of the hybrid route that has been greatly expanded thanks to VSNU-OA deals. In 2018, the UG will pay more attention to stimulating this alternative in addition to the continuation of the Green OA policy.

PURE

Since last year the PURE research information system, which was introduced in 2014, has been providing most faculties with key research data they need for their SEP and annual reporting. In 2017 the system was further improved with the main aim of easing the burden on academic staff, for example by adding new source systems (EBSCO, with the following databases activated: ATLA, ERIC, EconLIT, PsycINFO and SocINDEX), a SEP/KUOZ report module and new or renewed modules to support impact (activities, prizes, media

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appearances, projects). PURE is already the primary source system for most quality assurance activities for research procedures. Finally, it should be noted that UG datasets are not only registered in PURE, but are also available via the UG research database.

Research data and research data management

In 2017 it was decided to carry out an audit round at all research institutes in order to ascertain where the faculties are with regard to research data management. The audit will be completed in 2018, after which the policy may be adjusted depending on the findings. Following on from the project plan for dealing with and storing data from research involving human subjects, which was started in 2017, a Data Federation Hub has now also been set up. The Hub connects various research data initiatives in order to provide researchers with optimal support in the collection, storage, sharing and use of data. Using each other's expertise and best practices makes the facilitation of new developments easier and more efficient and enables researchers to take full advantage of them. In addition, the UG has entered into a collaboration with Statistics Netherlands (CBS, Centraal Bureau voor de Statistiek) for the realization of the first Academic Data Center. CBS staff and UG researchers work together at the CBS Academic Data Center, which means that data from the CBS can be used more effectively for scientific research.

3.4 Quality assurance

Method

The research of the University of Groningen has an excellent international reputation. In order to maintain this level, our research is assessed every six years by a Peer Review Committee (PRC; a committee of external experts), in addition to interim self-evaluations known as Mid-Term Reviews (MTRs). During these evaluations, the 28 research institutes primary responsible for UG research are assessed in terms of quality, societal relevance, viability, management and leadership. These assessments are entirely in accordance with the national Standard Evaluation Protocol (SEP).

Evaluations in 2017

Mid-Term Reviews

During the year under review, the University Science Committee (UCW) examined the MTRs from the Nieuwenhuis Institute (Pedagogy & Educational Science) and the Department of Sociology (ICS Groningen), both part of the Faculty of Behavioural and Social Sciences (BSS), and the Urban and Regional Studies Institute (URSI) of the Faculty of Spatial Sciences (FRW). For all three Mid-Term Reviews, the advice of a committee of external evaluators was used. The UCW considered the reactions of the BSS Faculty Board to the findings of the assessment committees to be adequate, and the FRW Faculty Board was asked for further clarification.

External research assessments

In 2017, the PRC reports of all three SEP institutes of the Faculty of Arts were published: GIA (Archaeology; on Quality it scored a 2 ~ very good, on Societal Relevance and Viability it scored a 3 ~ good) CLCG (Linguistics; scored three 2s) and ICOG (Languages, Culture, Media & History; scored three 2s). In addition, the national Medieval Studies research school (qualitative only) was rated excellent. The UCW approved the official responses from the Faculty to all four PRC reports.

The same applies to the PRC report, also published in 2017, which reviewed research carried out at the UG's Faculty

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of Law (scored three 2s) according to a nationally agreed Discipline protocol. This included not only adapted formats for SEP table D1 (Quality Indicators) in particular, but also a meta-evaluation. The overall report, *Aanhaken waar het kan, eigen(zinnig)heid waar gepast. Ontwikkelingen in de rechtswetenschap en de visitatie ervan* (Establish links where possible, strive for individuality where appropriate. Developments in legal studies and the assessment thereof) by Prof. Willem van Genugten was published in June 2017.

Finally, in 2017 PRC reports were also received on the research carried out at the Faculty of Science & Engineering (FSE) within the Kapteyn Astronomy Institute (national; scored three 1.5s) and 6 other FSE institutes (local: ENTEG: three 2s; GBB: highest score 1 ~ excellent on Quality, 2 on Relevance and Viability; GELIFES: 1 on Relevance, 2 on Quality and Viability; Stratingh: three 1s, VSI: three 2s, ZIAM: 1 on Quality and Relevance, 2 on Viability) as well as the S&E Faculty Graduate School (excellent). The Faculty Board's official response is expected in the spring of 2018. At the same time as the FSE institutes, KVI-CART research was also assessed, albeit in the form of a confidential 'extended mid-term review'. This is because the institute has only existed since 2014, after transferring a number of components to other FSE institutes.

3.5 Results

Graduate Schools

In 2017, 712 students were admitted to a PhD programme (2016: 666). This increase is the first visible effect of the PhD Scholarship Programme which was launched in 2016. About 50% of the admitted candidates came from abroad. In 2017, a total of 502 PhDs were awarded (2016: 535), of which 25 were 'Cum Laude' (2016: 21).⁴ The number of PhDs awarded is thus roughly back to the level it was at in 2015 (501). The increase in the number of PhDs awarded appears to be stagnating on a national level, too. UG PhDs make up 11% of the total number of PhDs awarded nationally. The PhD Scholarship Programme, which was launched in 2016, is expected to raise the number of successful PhDs to around 600 per year in the future.

The University has made special arrangements with universities of applied sciences (UASs) in the north of the Netherlands to facilitate PhD programmes for their lecturers. At the end of 2017, 61 lecturers at universities of applied sciences were studying for a PhD under such an arrangement (53 in 2016). In 2017, 19 new candidates started and 11 programmes were terminated. On special request, an individual programme for a lecturer from the Catholic Primary School Teacher Training College in Zwolle was approved this year. In 2017, 6 lecturers subject to this arrangement defended their PhD thesis: 5 from Hanze UAS and 1 from Stenden UAS. Given the current number of candidates under these arrangements, the number of PhDs awarded to UAS lecturers is expected to increase to 10 per year.

Individual researchers

NWO

In 2017, 16 UG and UMCG researchers who had recently been awarded their PhDs received a VENI grant, 6 UG

⁴ Source: Hora Finita

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researchers were awarded VIDI grants and no fewer than 4 UG researchers received a VICI grant for their research: Prof. D. Baskent, professor of Auditive Perception at the UMCG and Rosalind Franklin Fellow, Prof. U. Bültmann, professor of Work & Health at the UMCG and Rosalind Franklin Fellow, Prof. G.J. Poelarends, associate professor of Pharmaceutical Biotechnology and Prof. D.H. van Rijn, associate professor of Cognitive Sciences and Neurosciences were chosen as 'excellent and experienced researchers' to build up their research group at the UG over the next five years with the help of € 1.5 million provided by the NWO for this honourable science prize.

Prizes and individual grants

National

KHMW

The following have been appointed members of the KHMW: Prof. Trudy Dehue (BSS), Prof. Amina Helmi (FSE), Prof. Mladen Popovic (FGGW), Prof. Theunis Piersma (FSE), Prof. Rineke Verbrugge (FSE) and Prof. Cisca Wijmenga (UMCG).

Royal Netherlands Academy of Arts and Sciences (KNAW, Koninklijke Nederlandse Akademie van Wetenschappen) The following have been appointed members of the KNAW: Prof. Marcel Visser (FSE), Prof. Linda Steg (BSS), Prof. Amina Helmi (FSE), Prof. André Aleman (UMCG/BSS), Prof. Claartje Mulder (FRW). Two UG researchers joined the Young Academy of the KNAW (the DJA, De Jonge Academie): Dr Bettina Reitz-Josse (Arts) and Dr Han-Thomas Adriaenssen (Phil).

Distinguished Lorentz Fellowship

In 2016 the Distinguished Lorentz Fellowship for 2017/18 was awarded to Prof. F.J. Weissing.

Personal grants

Under the NWO's Innovational Research Incentives Scheme, the University of Groningen was awarded 16 VENI grants, 6 VIDI grants and 4 VICI grants (10%, 7% and 12%, respectively, of the total number of awards). Given the desired national

market share of 10%, performance in the VENI grants was good, performance in the VIDI grants was reasonable and performance in the VICI grants was very good.

International

Personal EU grants

In the year under review, the UG received 10 grants from the European Research Council: 5 Starting Grants (14.3% of the total awarded to the Netherlands), 3 Consolidator Grants (12%) and 2 Advanced Grants (10.5%), making the University's performance good to very good in this regard.

Prof. Ming Cao (FSE), Prof. Catarina Dutilh Novaes (Phil) and Prof. Syuzanna Harutyunyan (FSE) each received a Consolidator Grant worth € 2 million. Prof. Clara Mulder (FRW) and Prof. Sijbren Otto (FSE) each received an ERC Advanced Grant worth € 2.5 million.

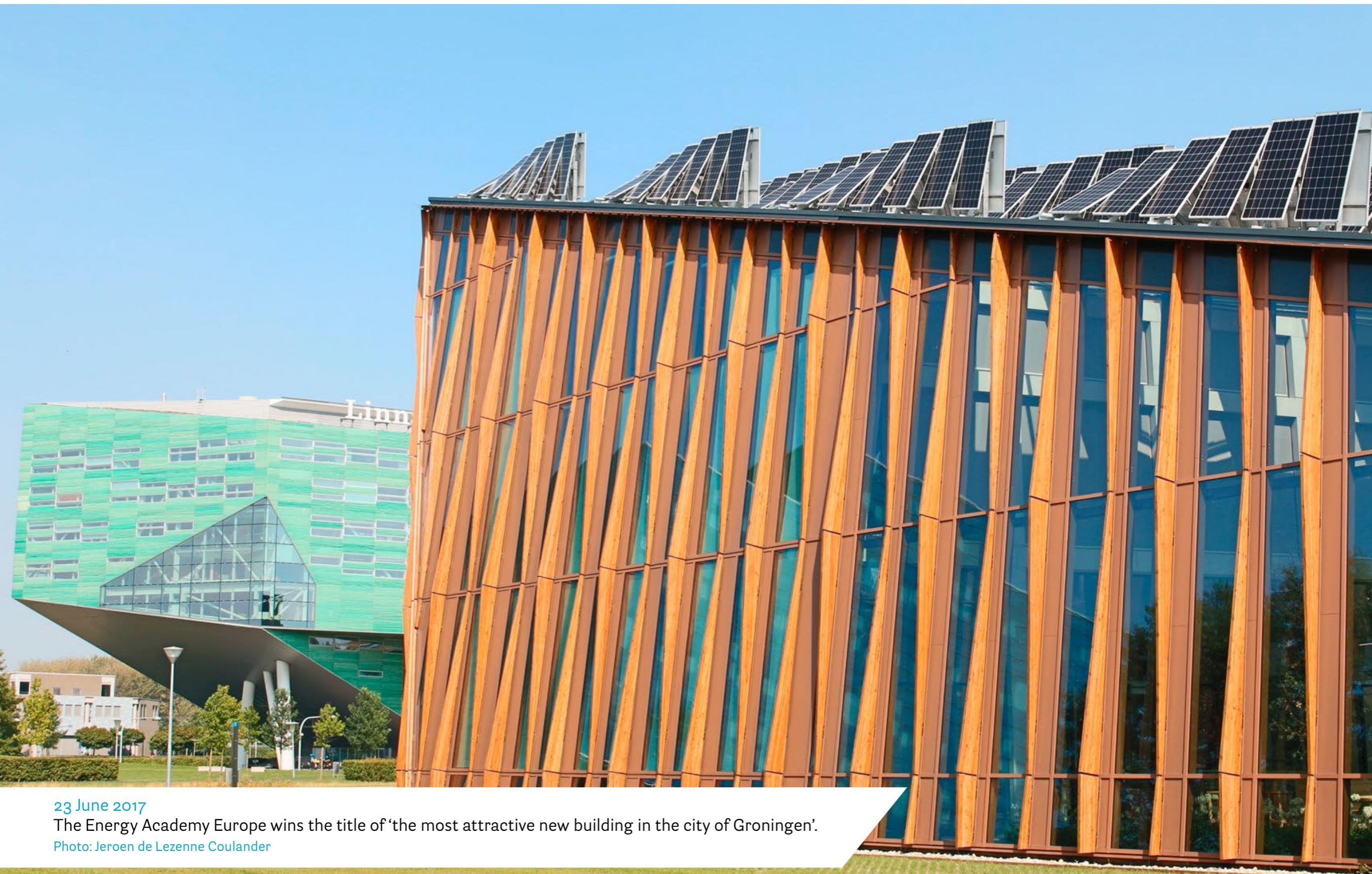
ERC Starting Grants worth € 1.5 million were awarded to Prof. A.K.H. Hirsch (FSE), Prof. Panos Merkouris (Law), Prof. Jana Höneke (Arts), Dr Irma Mosquera-Valderrama (Law) and Prof. Tina Kretschmer (BSS).

EU projects within Horizon2020

In 2017, 39 new Horizon2020 projects were brought in. In total, UG and UMCG researchers were involved in 47 projects within the Seventh Framework Programme and in 164 projects within the Horizon2020 programme (including the Innovative Medicines Initiative). Of these H2020 projects, 108 were Pillar-1 projects, (including ERC, Marie Skłodowska Curie Actions). The University or the UMCG acted as coordinator for 18 consortium projects within Horizon2020.

Reputation

For several years, the UG has been ranked in or near the top-100 universities in the most influential global ranking lists. In the past year, the UG was ranked 59th in the most authoritative ranking, the 'Shanghai' ARWU ranking. The UG is in 83rd place in the Times Higher Education ranking and in 113th in the QS ranking.



23 June 2017

The Energy Academy Europe wins the title of 'the most attractive new building in the city of Groningen'.

Photo: Jeroen de Lezenne Coulander

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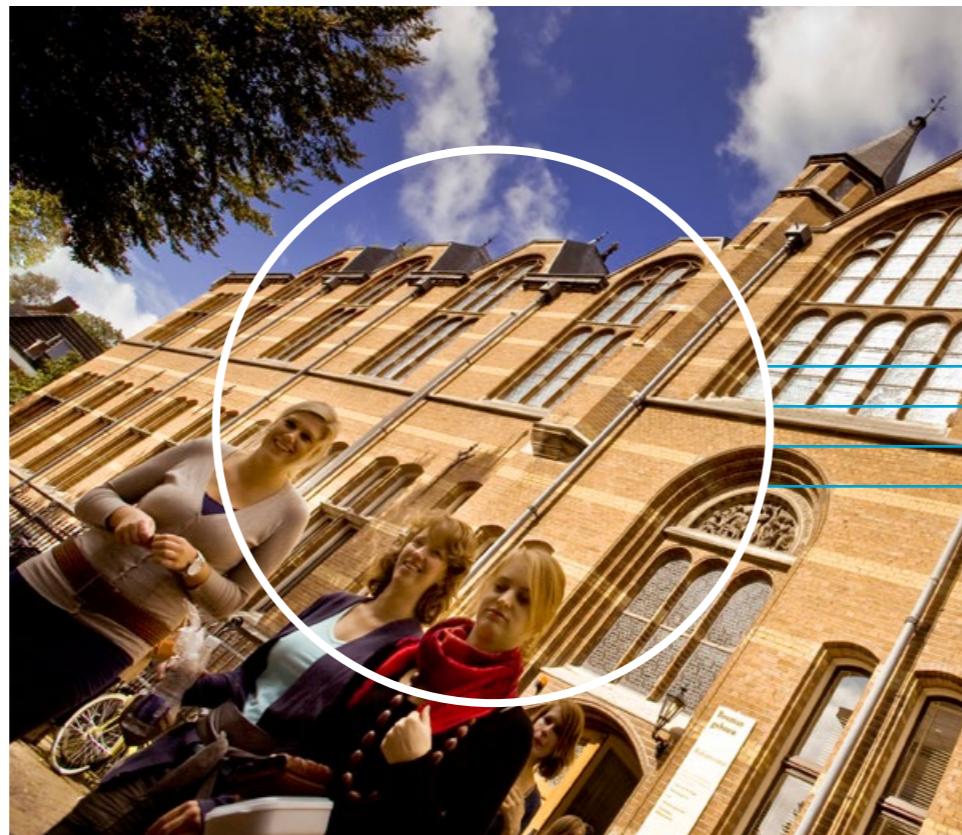
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STUDENTS (PROPORTION NL TO TOTAL)

2017-2018: 29,702 (10.5%)

2016-2017: 28,875 (10.8%)

2015-2016: 28,244 (10.8%)

INNEW FIRST-YEAR STUDENTS (PROPORTION NL TO TOTAL)

2017-2018: 7,245 (9.1%)

2016-2017: 6,842 (9.4%)

2015-2016: 6,337 (9.4%)

GLOBAL EMPLOYABILITY UNIVERSITY RANKING

2017: 109 (plaats 5 universiteiten NL)

2016: 112 (plaats 5 universiteiten NL)

2015: 114 (plaats 5 universiteiten NL)

INTERNATIONAL STUDENTS (PROPORTION UG TO TOTAL)

2017-2018: 5,692 (19.2%)

2016-2017: 4,900 (17.0%)

2015-2016: 4,104 (14.5%)

The Strategic Plan for 2015-2020 is guiding for the education-related themes in this chapter. Progress in these areas is discussed once a year in the Administrative Meetings between the Board of the University and the Faculty Boards, using performance indicators among other things. The five education-related themes are:

1. Active learning
2. Social inclusion
3. Research-driven education
4. Internationalization
5. Preparation for the labour market

This chapter also contains a paragraph on the quality assurance system and its results in 2017 as well as the use of the funds awarded to the UG under the Student Loans (Higher Education) Act.

4.1 Active learning

The Strategic Plan emphasizes the usefulness of innovation, and encourages staff and students to use innovative modes of instruction and techniques for active learning. Both at

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University and at faculty level, 2017 saw many initiatives to make lectures more interesting, more engaging and more effective. Student participation in their education is encouraged by more intensive use of methods and tools such as e-learning, formative assessment and the 'flipped classroom' concept.

E-learning

Several faculty pilots for e-learning⁵ have been launched to stimulate the following active modes of instruction with the help of educational tools:

- > Communication training (Traintool)
- > Mathematics training (Sowiso, Webwork and LONCAPA)
- > Logbook training (Jupyter)
- > Peer review on writing skills (Peerceptiv)
- > Peer review on submitted video assignments (Pitch2Peer)
- > Voting (Mentimeter and Polleverywhere)
- > Portfolio (Scorion)
- > Collaboration (various collaboration tools)

In order to aggregate experiences and prevent proliferation of tools, the faculty e-Learning Coordinators regularly meet. In 2017, 3 new MOOCs were offered, and the 10 MOOCs that were already available were continued. In addition, no fewer than 5 MOOCs and SPOCs were developed in 2017, which will be starting in 2018.

Professional development of lecturers

The University contributes to the permanent professional development of its lecturers through the University Teaching Qualification (UTQ), Senior Teaching Qualification (STQ) and Educational Leadership (EL) programmes. The EL is organized by the Center of Excellence of University Teaching at Utrecht University. In 2017, 8 UG Educational Leaders started the Educational Leadership programme, 9 senior lecturers and (educational) administrators received the certificate for completing the STQ, and more than 120 UTQ certificates were issued. As such, the percentage of academic staff with a UTQ certificate remained at the same level (86%).

Testing, feedback and study progress

The UG's Assessment Policy and Assessment (2014) underpins the quality of testing at the University. In 2017, it was decided to evaluate and update the existing Assessment Policy in 2018. This decision was motivated in part by developments in the field of digital and formative assessments.

Within the current Digital Testing 2020 project, pilots are being carried out for anonymous testing and marking, formative digital assessment, more authentic ways of testing and making completed exams available digitally. The faculties are striving to improve the quality of non-digital tests by conducting pilots involving formative assessment, with the emphasis being on feedback on the student's learning process.

The Board of the University has decided to structurally finance a learning course for Boards of Examiners as a result of the changes in the position of the Boards of Examiners pursuant to the Improved Governance (Higher Education) Act.

The BSA Manual and the Early Warning Signals (EWS) project are being used to improve the monitoring of study progress. EWS combines student information from the study progress system Progress.net with information from the digital learning environment Nestor.

4.2 Social inclusion

Learning Communities and International Classrooms

The University wants to be a close-knit academic community where staff and students feel involved and where they continuously learn from each other. Diversity in disciplinary, social and cultural backgrounds is conducive to this. By acquainting themselves with diverse perspectives, staff and students get to develop and make the most of their talents.

In 2017, faculties were once again invited to submit proposals for Learning Communities projects, which led to 14 new project proposals being accepted. This means that in 2017 a form of Learning Community was used within each

⁵ <https://www.rug.nl/e-learning/innovation-projects/faculty-projects-2017/>



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faculty. The experiences gained during these projects have been included in research by the Faculty of BSS into the composition and dynamics of Learning Communities. One of the most important conclusions from this is that Learning Communities work best if they actively steer towards peer tutoring. In student evaluations the Learning Communities also scored particularly well on employability, labour market orientation and involvement with the University.

In 2017, the International Classroom pilot projects at the faculties were continued and underwent an interim evaluation. Best practices were exchanged through seminars and workshops. Expertise and resources were further developed. The IC project attracted a great deal of international attention because of its unique University-wide approach. In late 2017, it was decided to continue the successful pilot phase in 2018 with a wider roll-out across all faculties.

The European project EQUIIP (Educational Quality at Universities for inclusive international Programmes), which is coordinated by the UG, entered its second year in 2017. Policy officers from the Office of the University and ESI educational developers are working together to organize a multi-day training course in accordance with the principles of the International Classroom. During the third Transnational Meeting, which took place in Groningen in October, the module on Intercultural and Global Competences, developed by the UG, was presented. During the meeting, the project's official website (www.equip.eu) also went live. This website and the online platform currently under development (on which all modules of the project can be consulted) are being built and hosted by the UG.

Match between student and degree programme

Secondary school pupils who want to find out more about the university world can attend the Pre-University Academy. Through this initiative the UG offers a challenging programme that helps secondary school pupils prepare for university studies. There are also plenty of activities for primary school children. The children's and pupils' activities are all interconnected, so that there is a continuous

curriculum. The activities are organized in close collaboration with various external parties. At the UG Science LinX is responsible for content specifically related to natural sciences.

In the past year nearly 15,000 children participated in activities offered by our Children's University. Approximately 1,500 primary school children visited the University; the rest were offered a science-based activity at their own school or at a location near the school. Around 10,000 pupils participated in a science-based activity, with the emphasis on acquiring academic knowledge and skills.

Together with the University Museum and Campus Fryslân, the Pre-University Academy organized a wide range of start-up days for profile assignments ('research days'), enabling over 700 secondary school pupils to start their first research project and get a taste of academic research. 'Wetenschapsdates' were introduced for the first time last year, with Master's students and academics having a 'date' with a school class. More than 2000 pupils were introduced to academic research through this initiative.

It was also a good year in terms of web classes, lectures for school pupils, the Junior Honours College, various symposia and a wide range of guest lessons. These established activities attracted more than 5,000 participants in total.

Web classes, matching and decentralized selection

Prospective students from around the world were given the opportunity to get to know the University of Groningen online via web classes. More than 300 potential foreign students took part. In a pilot at the Faculty of Arts, web classes played a key role in matching prospective students. Various higher education institutes came to Groningen to learn more about the successful deployment of online programmes for matching purposes. The following faculties have a decentralized selection procedure: the Faculty of Medical Sciences (FMW), the Faculty of Economics & Business (FEB), the Faculty of Arts (Arts) and the University College Groningen (UCG).

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Language and culture policy

In 2017, the language and cultural plans submitted by faculties and service units in 2016 were further developed. English courses and courses that focussed on the development of intercultural skills were particularly popular among both academic and support staff. Academic English and intercultural skills also received greater attention on a number of degree programmes. Exchange students are receiving more guidance before, during and after their period abroad and extracurricular pilots have been introduced to give students who are not following an English-taught degree programme an international experience. Ideas and experiences are shared in best practices sessions.

The system for staff members which shows which language level (Dutch, English or otherwise) is required for a particular position or the associated duties is nearly complete, as is the terminology database containing education and research-related (UG) terminology. Both will go live in 2018.

Differentiation / excellence

The Board of the University believes that it is important for students to be able to develop their abilities to the full in the academic community. As such, in 2017 the University once again strove for sufficient differentiation in the range of degree programmes for students. The Bachelor's phase offers a choice of monodisciplinary Bachelor's programmes as well as broad, interdisciplinary Bachelor's programmes like those offered by the University College Groningen. Bachelor's students with above-average results can follow an additional, extracurricular programme at the Honours College. The Master's phase offers a choice between a regular Master's programme, a selective Master's programme, including all Research Master's and a teacher-training Master's programme. In addition, there is the option of taking a combination with an Honours Master's programme. In its fourth year, University College Groningen attracted more students to its programmes than in previous years. In 2017 Campus Fryslân received approval for the new broad English-taught Bachelor's degree programme in Global Responsibility & Leadership.

In 2017, GUF-100 prizes were again awarded to the best students of each faculty, and the Aart Bosman Student Excellence Award was presented to the University's top student. Furthermore, the Wierenga-Rengerink PhD Award for the best UG PhD thesis was awarded for the third time in 2017. On Education Day, the UG Lecturer of the Year was elected for the tenth year in succession. The Teaching Academy Groningen was involved in this.

Studying with a functional impairment

The University has a cohesive policy in place to enable students with a functional impairment to study with as few obstacles as possible. In 2017 an evaluation of the policy commenced, taking into account signals from students, study advisors, student counsellors, lecturers and other parties involved. Based on the results of this evaluation the plan will be adjusted in 2018. The Advisory Committee for Students with a Functional Impairment supervises the implementation of existing policy and will monitor the development of the adjusted policy plan. In the National Student Survey (NSE) for 2017, the appreciation for this support within the UG (theme score for functional impairment) rose compared to 2016. In 2017, 118 students received a grant from the UG Graduation Fund for study delay due to special personal circumstances. The total amount allocated came to almost € 136,000. The number of students eligible for this funding as well as the total amount of funding allocated is expected to increase in the coming years.

4.3 Research-driven education

In 2017 too, the intertwining of teaching and research (research-driven education) in all phases was the basis for all academic teaching at the University. All degree programmes, including our Summer and Winter schools, are based on research. In the Bachelor's and Master's degree programmes, a great deal of attention is paid to teaching and practising research skills. Students gradually develop those skills until they have mastered them at a high level and can perform them independently, which is reflected in the writing of an academic Master's thesis. At the

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UG a high percentage of researchers with a PhD teach course units and incorporate recent research in their teaching. As a rule, our best researchers also participate in our degree programmes. Students are also often involved in current research projects. In addition to the focus areas of Healthy Ageing, Energy and Sustainability, we also try to find connections with current societal issues as far as possible. The realization of the Energy Academy building in 2017 was an important step forward in this respect. The policy of raising the profile of Master's degree programmes will be continued and, where possible and desirable, specific research-driven Master's tracks will be put in the spotlight.

4.4 Internationalization

Internationalization policy

According to the Strategic Plan, the internationalization of education at the UG is necessary for the quality of education and graduates. Science is international. Graduates will increasingly go on to work in internationally operating organizations.

Internationalization at the UG includes:

- > Partnership agreements in various areas with universities from other countries (especially within U4, Coimbra and Guild). In 2017, extensive research was also done into the possibility of establishing a branch campus in China (Yantai).
- > Active participation in Erasmus+ projects to promote the internationalization of education.
- > English-taught degree programmes where desirable: at the beginning of the 2017/2018 academic year 35% of the students were enrolled in a Dutch-taught programme, 42.5% in an English-taught programme and 22.4% in a bilingual programme.
- > Intake of international and Dutch students. At the beginning of the 2017/2018 academic year 19.2% of UG students were non-Dutch nationals.
- > Internationalization of learning outcomes and the curriculum.

- > Internationalization of the academic staff in teaching and research; increase in the number of international PhD candidates.
- > Improving opportunities for students to gain credits abroad as an integrated part of the curriculum, both through exchanges and double degree programmes.
- > Increase in Summer and Winter schools.
- > Communication and services that are accessible and understandable for all students and staff.

In 2017 the Board of the University approved the Intentions on Internationalisation document. The UG is continuing to collaborate with the local authorities and other knowledge institutions to make and keep the city of Groningen (and its surroundings) attractive to foreign students and staff members.

Erasmus+ projects

In 2017, the UG was once again successful in applying for Erasmus+ projects. This is a European funding programme which aims to improve European cooperation in education and training. Three new 'capacity building' projects were launched: BRECIL, LISTO and TIGRIS. In total, the UG is now involved in 28 projects of this type. The IMPACT and SUSTAIN strategic partnerships also received the green light. The EVOLVE project, which focuses on digital innovations in education, was successful in the 'forward-looking projects' category.

In 2017 the UG was involved in 7 prestigious Erasmus Mundus Joint Degree Master's projects (consortia), 4 of which are coordinated by the UG (MEME, IMIM, Euroculture, EMCL). The Euroculture Consortium's new application was successful, thereby re-establishing the programme as an Erasmus Mundus Master's degree programme for the next four years.

The number of partners is growing steadily as a result of these projects, which are often the backbone of the cooperation. The university networks U4 and Coimbra Group are a permanent source of good project and exchange partners for the UG. Although the University also cooperates with other partners, many project initiatives originate from within these networks.

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Student and staff exchanges

Student and staff exchanges are organized and financed through the EU's Erasmus+ programme. In addition, the UG has its own Marco Polo Fund, which complements Erasmus+ and finances study periods, placements and staff exchanges that do not fall under Erasmus+.

The number of incoming students rose from 1377 to 1552, thanks in part to the Erasmus+ ICM, as a result of which extra scholarships were available for students from non-EU/EEA countries. The number of outgoing students remained more or less the same at 1309. Students who go abroad in the context of one of the 25 double/joint degree programmes are not included in these numbers because they are not registered separately. 691 students received an Erasmus+ grant; 604 received a Marco Polo grant. In addition, 48 lecturers and staff members made use of Erasmus+ and Marco Polo grants to teach or coordinate a collaboration.

The Faculties of Economics & Business and Science & Engineering in particular saw the number of incoming students rise. The Faculty of Arts saw a decrease in the number of incoming exchange students, while the number of outgoing students increased. In 2016-2017, the first students from University College Groningen took part in an exchange. More and more programmes are creating a 'mobility window' in the fifth semester of the Bachelor's degree programme by giving students the chance to take a Minor or do a placement abroad. Others prefer to include a period of study abroad during the Master's phase, for example for thesis research or complementary course units.

The quality of the exchanges is guaranteed by selectively choosing exchange partners, as befits the UG's own degree programmes. At the moment, the UG has 357 different Erasmus+ partners in the EU/EEA. Agreements have been entered into with more than 60% of the partners for 1 or 2 degree programmes or disciplines. We cooperate with 41 universities in the EU/EEA on 5 or more degree programmes. For exchanges outside the EU/EEA 'multi-faculty' agreements have been concluded; about 100 UG students make use of

these agreements every year. The majority of students go abroad through faculty agreements. Over the past year, 11 exchange agreements with partners outside the EU/EEA have been renewed or newly concluded, including University-wide agreements with the University of Chile, Santiago, Macquarie University Sydney, Australia, and the Indian Institute of Technology in Madras. The strategic cooperation with Osaka University, Japan, was renewed again. Since 2016, MOUs (Memorandum of Understanding) have been concluded with each exchange partner to enable extending the exchanges to other disciplines and faculties.

Both Erasmus+ and Marco Polo exchanges use standardized procedures to guarantee the transfer of credits and marks. Study advisors, Boards of Examiners and international offices are the most important links in this process. Transferring the payment of Erasmus+ and Marco Polo grants to the central Mobility & Scholarship Desk has reduced the administrative burden and made it possible to optimize the use of Erasmus+ funds.

Summer and Winter Schools

For the University, Summer and Winter Schools are an excellent way to present its research and teaching programmes to an international audience. They also enable UG researchers to work intensively with international partners and other stakeholders, and to delve into important issues together with students, PhD students and other participants. In 2017, the University organized 54 Summer or Winter Schools, in Groningen as well as abroad; a considerable increase compared to 2016 (42). These Schools attracted 1438 participants from 99 countries, who once again assessed them very favourably.

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4.5 Preparation for the labour market

The UG aims to provide optimum development opportunities to students to prepare them for their career and their employability on the labour market.

Career Services is the central UG service point for career support. Career Services helps students to make well-informed choices and gives them the opportunity to realize those choices. Career Services offers workshops and training courses, provides help when writing a CV or application letter, shares job and placement openings and provides personal advice. The Career Services network consists of faculties, study and alumni associations, employers and the University's own Student Pool.

In addition to the facilities offered by Career Services at a central level, faculties are encouraged to address the theme of employability by calling upon their alumni and employer networks, by giving professional skills a more prominent place and by offering students more guidance for and incentives to do placements. In 2017, a working group started to identify best practices and describe a central vision on employability within and outside the curriculum. Signals from the International Student Barometer (ISB), the National Alumni Survey (NAE), the National Student Survey (NSE) and the Higher Education Guide are used to evaluate satisfaction levels and to identify opportunities to improve those levels.

In the Global Employability University Ranking 2017, the University of Groningen ranked 109th among the top 150 international universities, and 5th among the Dutch universities in the ranking list. The UG ranked 112th in 2016.

4.6 Implementation of the Student Loans (Higher Education) Act

In order to compensate for the abolished basic grant for students, as from 2018 universities will receive additional government funding, known as 'studievoorschotmiddelen', to improve the quality of education. For the period between 2015 and 2017, the umbrella organizations of the Dutch higher education institutions have voluntarily committed an amount of € 200 million per year as a pre-investment. This pre-investment may involve matters such as additional teaching capacity, additional education-related research, additional facilities for students, or other measures aimed at improving the quality of education.

The UG's pre-investments consist of the teaching part and the education-related research part of the UG Investment Agenda on the one hand, and of the expansion and upgrade of the study facilities in the University Library on the other. In total, the UG's pre-investments are budgeted at € 18 million for the 2015-2017 period.

The pre-investment in the context of the UG Investment Agenda primarily concerns the development of attractive degree programmes and improving the connection to the labour market. The plans for this have been drawn up by the faculties. With this agenda, the UG is investing a total of € 36.3 million from 2015 onwards. This is expected to lead to a structural increase in academic staff of 80 FTE.

The sum of € 17.1 million was reserved for the renovation of the University Library. The building has also been refurbished. The original number of 1,700 study places has expanded to 2,200. When implementing the plans, we managed to complete the renovation not in 2018 but already in the spring of 2017. Only those resources that can be related to expanding the number of study places and the acceleration of completion have been allocated to the pre-investments. In total, this concerns € 5.1 million.

Financial accountability of the pre-investments is shown in the table below.

Table: Financial accountability of the pre-investments under the Student Loan Act

	UG	BUDGET	EXPENDITURE	EDUCATION		RESEARCH		INFRASTRUCTURE	
				BUDGET	EXPENDITURE	BUDGET	EXPENDITURE	BUDGET	EXPENDITURE
Contents	2015	5,000,000	3,067,146	2,000,000	1,067,146	1,000,000	-	2,000,000	2,000,000
Supervisory Board report	2016	6,000,000	6,502,891	2,000,000	1,970,877	2,000,000	2,532,014	2,000,000	2,000,000
Preface	2017	7,000,000	8,120,785	2,000,000	3,524,035	2,000,000	3,483,902	3,000,000	1,112,848
		18,000,000	17,690,822	6,000,000	6,562,058	5,000,000	6,015,916	7,000,000	5,112,848

Source: Investment Agenda table, real estate statements

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Another part of the Student Loans (Higher Education) Act relates to the right of consent of consultative participation bodies with regard to the main points of the University's budget. The budget for 2016 was the first that was subject to this right of consent. Together with the University Council, the University has determined how the right of consent will be incorporated, in terms of content and planning, in the regulations for consultative participation.

At the University of Groningen, the Financial Framework is the first step in the budget process. Since it is clearly possible for major financial decisions to be taken after the adoption of the Financial Framework in April, it has been agreed to include an 'outline' section in both the Financial Framework and the University Budget. The right of consent applies to new allocations in this section that exceed the limit value. The limit value for Teaching, Research and IT allocations has been set at € 0.5 million, and that for investments in real estate at € 5.0 million. Throughout the year, new allocations and investments exceeding the limit value are presented to the University Council for approval.

The right of consent only applies to the allocation of general income, which is the component the Board of the University controls. It does not apply to indirect government funding or income from contract research, due to the nature of these allocations. General consent applies at University level, not at faculty level. The agreements regarding the use of the right of consent were evaluated at the beginning of 2016. On the basis of this evaluation, it was decided to uphold the existing agreements.

4.7 Quality assurance

Accreditation

In 2019, the University will be subject to an institutional audit. In preparation for this audit, the Board of the University commissioned a mid-term University audit to be carried out in 2017, in order to obtain a clear picture of the current state of affairs. A Critical Reflection was drawn up for the audit in consultation with numerous bodies within the University. In November 2017, the review committee spoke during its three-day visit to a total of about 100 students and staff. The committee reported its initial findings at the end of this visit. The final report was received in February 2018.

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Degree programme accreditations

In 2017, all degree programmes audited were accredited for the full six years. There were no conditional degree programme assessments. In 2017 the majority of the Bachelor's and Master's degree programmes offered by the Faculty of Economics and Business were reviewed for accreditation by both the NVAO (Accreditation Organization of the Netherlands) and the international AACSB. The accreditation decision is expected in 2018. The Research Master's programme in Behavioural and Social Sciences received a positive recommendation following reassessment in 2017. Finally, there was an accreditation decision to establish the Bachelor's degree programme in Global Responsibility & Leadership in Leeuwarden, so that this new programme could start recruiting students.

Quality assurance system

Quality assurance for teaching at the UG is based on the PDCA cycle (Plan, Do, Check, Act) and the processes are set out in the University of Groningen Quality Assurance Protocol. The aim of the PDCA cycle is to safeguard and improve quality in an ongoing cyclical process. The revision of the NVAO Assessment Framework in 2016 and intermediate internal decisions with regard to quality assurance, such as the procedure for internal audits, the approach to joint and double degrees and the start of Master's tracks, as well as the results from degree programme accreditations, contributed to the need to update the UG Quality Assurance Protocol in 2017. A more thorough evaluation and revision of the updated protocol will take place in collaboration with the faculties in 2018, partly on the basis of the results of the mid-term audit.

Internal quality assurance

In preparation for the Administrative Meetings, the faculties completed an Education Monitor. Signals from the monitor may give rise to discussions during the Administrative Meetings. In 2017 the overall quality of the Education Monitors turned out to be better than in the previous years.

In addition to the regular tools in the quality assurance cycle, an educational chart has been developed that provides a

comprehensible, single overview of the signals from various assessments and studies. The overviews have been made available to the Supervisory Board.

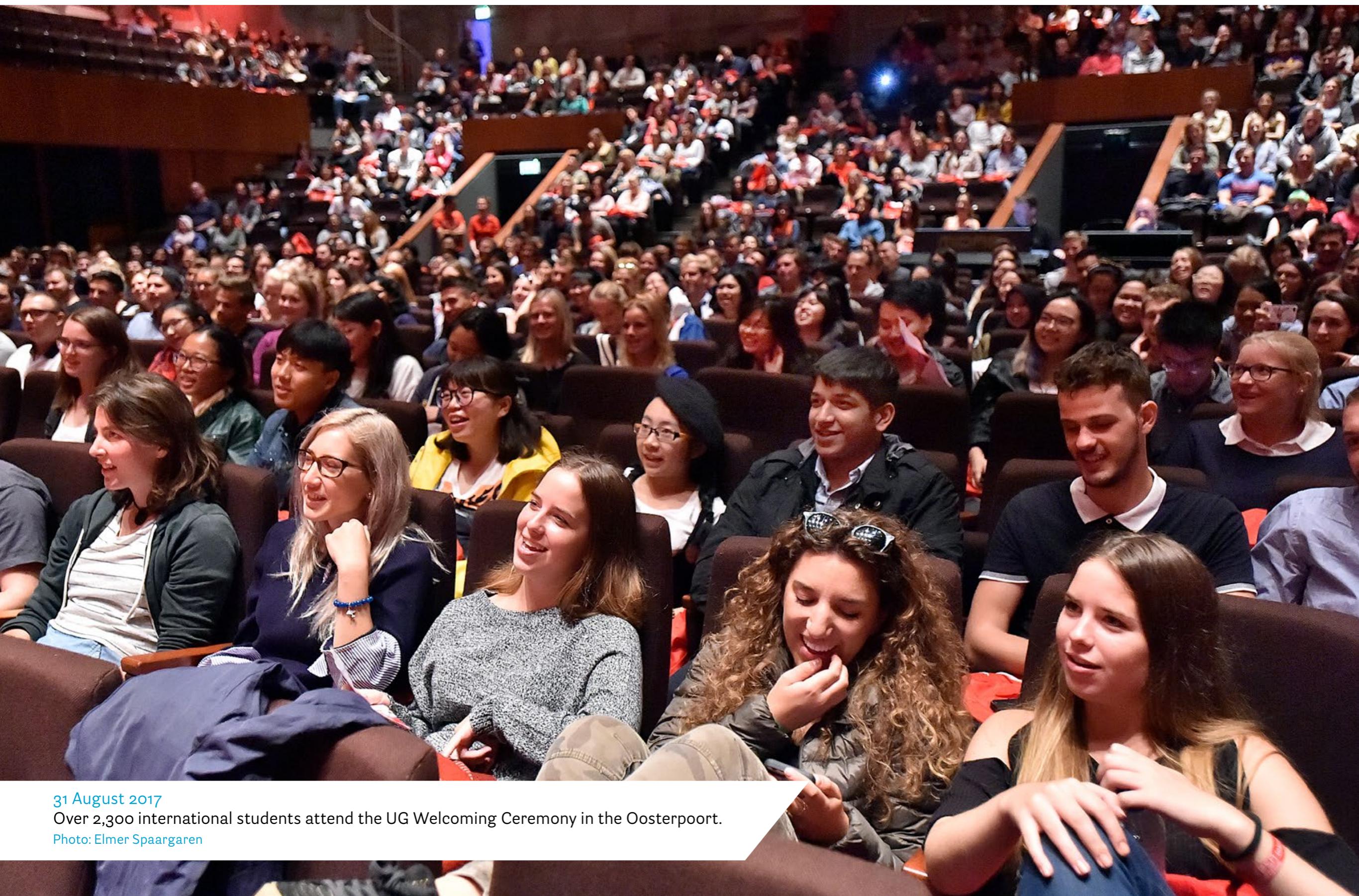
National Student Survey (NSE) and International Student Barometer (ISB)

The NSE and ISB are important tools for the UG to find out what students think about the University in general and their degree programmes in particular. The NSE was organized in the spring of 2017. More than 10,000 UG students took part. The overall scores were high (4.07 for Bachelor's students and 4.08 for Master's students, on a scale of 1 to 5), as were the scores regarding the likelihood of students recommending the University and degree programmes to others (4.17 and 4.16 respectively). The main issues were career preparation, feedback on internal quality assurance/evaluations and (for Dutch students) internationalization.

The ISB for international UG students was organized in the autumn of 2016. The results were published in 2017. Once again, the UG's recommendation score was high (4.28 on a scale of 1 to 5). The UG also did very well (between 3.0 and 3.2 on a scale of 1 to 4) on the ISB's themed scores (overall satisfaction, arrival, learning, living, support). Satisfaction with the 'quality of lectures and teachers', the 'quality of course content' and the 'English of support staff and teachers' was high. Low scores were noted for accommodation and employability. The UG has long-term programmes in place to address these issues.

Programme Committees

The Enhanced Governance Powers (Educational Institutions) Act (Wet Versterking Bestuurskracht Onderwijsinstellingen) came into force in 2017. Among other things, this sets out the renewed role of Programme Committees, which have gained more powers as a result of this Act. In order to prepare the Programme Committees as well as possible for their new role, the Rector Magnificus and the Legal Affairs department visited the faculties to provide explanations and obtain input. In addition, a Programme Committee Handbook has been drawn up and a first training session for members of Programme Committees took place in 2017.



31 August 2017

Over 2,300 international students attend the UG Welcoming Ceremony in the Oosterpoort.

Photo: Elmer Spaargaren

5. Societal impact

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EU CONTRACTS
2016: € 31.7 mln
2015: € 42.7 mln
2014: € 35.8 mln

PATENT APPLICATIONS
2017: 19
2016: 22
2015: 19

CONTRACT ACTIVITIES
2017: € 159.9 mln
2016: € 151.8 mln
2015: € 176.3 mln



Making an impact on society is one of the University's primary responsibilities. To this end, the University works together with the public sector, businesses and society at large to share knowledge and to generate new investments in research. As we consider it essential to support the region that houses us and to help it develop, this collaboration also has a regional focus.

The resolution of key social issues plays an ever greater role in academic top research. For this reason, the University has formulated three research priorities: Energy, Healthy Ageing and Sustainable Society. In doing so, the University makes an active and substantial contribution to the resolution of societal issues – in particular those in the North of the Netherlands – on the basis of our academic research and education.

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In terms of impact on society, in the years to come the UG – in accordance with its Strategic Plan for 2015-2020 – will specifically focus on:

1. Improving the entrepreneurial mindset and skills of its staff and students as well as their drive to serve society
2. Optimizing the infrastructure for knowledge transfer and the economic valorization of knowledge
3. Increasing our contribution to society by reinforcing the impact of our research priorities (Energy, Healthy Ageing and Sustainable Society)
4. Intensifying collaboration and interaction with businesses, NGOs and local as well as national public-sector bodies

5.1 Entrepreneurship

Dean of Industry Relations

On 1 September 2016 Prof. Iris Vis was appointed Dean of Industry Relations at the UG. The UG's Industry Relations team establishes links between the University and other parties (companies, non-profit organizations, governments and citizens). An important step in this process is that the partners – each on the basis of their own core qualities and core values – formulate a common goal to tackle societal challenges. This goal is then translated into a sustainable cooperation programme. The collaboration can focus on research, education, talent development and social impact.

Examples of projects in 2017:

- > A contribution was made to the creation of the Groningen Digital Business Center, a scientific breeding ground for preparing talent for a career in the digital sector.
- > The team also assisted Demcon with its relocation to the campus.

Another important task of the Industry Relations team is to raise the profile of UG research projects and degree programmes in a thematic way and to collaborate with partners. In 2017 the team developed a portfolio in the field of big data, which will be published in the spring of 2018. In addition, in 2017 the team organized the UG's contribution in the field of digitization at the largest Knowledge Festival in the North of the Netherlands and hosted the SKSG discovery kids event on campus.

Dean of Entrepreneurship

In late 2013, Prof. Aard Groen was appointed Dean of Entrepreneurship. The Dean's primary task is to offer a broad range of entrepreneurship education from the UG's Centre of Entrepreneurship. There is a lot of interest in this type of education from all the faculties. The Minor in Entrepreneurship has been revamped and is now offered in English. Under the auspices of Erasmus+ the UG also established collaborations with 3 European and 7 South American universities.

The University also participated in 3 projects as part of the EIT Health programme. As part of this, a Health VentureLab weekend was also organized. A Health specialization has also been developed within the VentureLab programme. VentureLab now consists of 3 participating groups: Student VentureLab, Health VentureLab and an Energy VentureLab in collaboration with New Energy Coalition.

5.2 Infrastructure

In cooperation with the Consortium for Valorization and Entrepreneurship (CVO, Consortium voor Valorisatie en Ondernemerschap; with Hanze UAS, the UMCG and regional partners), in 2017 the UG expanded its valorization programme and consolidated the establishment of Northern Knowledge. The emphasis here is on embedding the programme within the organization and on developing a vision for the future. The CVO Advisory Committee – as linked to the Netherlands Enterprise Agency (RVO, Rijksdienst van Ondernemend Nederland) – positively assessed the

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programme in 2017, both in terms of progress in embedding it and performance at the level of activities. In its advisory report, the committee states:

'Entrepreneurial education is well integrated in the degree programmes offered by the UG and Hanze UAS. The Nikos, UGCE and the Marian van Os Centre for Entrepreneurship are examples of the embedding of entrepreneurship education. Lessons in entrepreneurship are offered in a blend of activities. Ambitions are high, and great results have been achieved. (...) [Also...] the Advisory Committee notes that a large number of successful companies have been launched thanks to the support of the valorization programme. The survival rate of these companies is good. After 5 years, 95% of UMCG spin-offs are still in business. (...) It was also explained during the assessment that these start-ups also grow considerably. (...)

The Advisory Committee is positive about the way in which the Groningen valorization programme has been carried out in recent years and the results that have been achieved. The establishment of Northern Knowledge is a promising step towards anchoring the programme. The Advisory Committee recommends in particular that tangible and nationally comparable indicators for valorization be retained so that the performance of the ecosystem can be properly monitored and presented in a uniform manner. For the future, the Advisory Committee recommends that the business community should also be more closely involved in the Northern Knowledge approach and that cooperation with the Northern Development Company should be intensified.⁶

5.3 Societal themes

Healthy Ageing

In 2017, the Faculties of Economics and Business and Medical Sciences established the Aletta Jacobs School of Public Health (AJSPH), which will officially open its doors in 2018. The AJSPH should become a collaborative platform for public and private stakeholders to create sustainable, affordable and inclusive public health services, both nationally and internationally. This involves combining education, research and support on this theme within a single institute.

The Healthy Ageing Week took place in October, and was organized by the UG, the UMCG, the Healthy Ageing Network Northern Netherlands (HANN), Hanze UAS, the Municipality of Groningen, Urban Gro Lab and the Groninger Forum. During this week the general public had the chance to discover how to age healthily and happily. Lectures, workshops, demonstrations, exhibitions and tasting sessions were organized in the city centre and in several neighbourhoods. In addition, attention was paid to the theme of Healthy Ageing through the 'Happy and Healthy' exhibition at the University Museum.

The commitment to the Healthy Ageing theme has also led to the ambition of the city of Groningen, together with the UG, UMCG, Hanze UAS and HANN, to make Groningen the healthiest city in the Netherlands. Health and well-being will become a guiding principle for the spatial and social development of the city. The aim is to reduce differences in health in the city and to help people increase their number of healthy life years.

To reduce differences in health, the UMCG has been granted a European grant of € 450,000 to develop an education programme to help physicians, nurses and other health care providers communicate better with older patients with 'low health skills'. The grant is part of the EU's Erasmus+ programme.

⁶ See the recommendation from the external assessment, conducted by the Business Generator Groningen Foundation, The Hague, 24 July 2017

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Energy

Various activities took place in 2017 on the theme of Energy and the transition to sustainable energy. The UG's Energy Academy Building played a major role. In November it hosted the Climate Summit for the North of the Netherlands, which attracted 1200 visitors, and it will also be home to the UN international knowledge centre for climate adaptation. Groningen was successful in bringing in this centre, together with Rotterdam, because the UG, other educational institutions and companies in Groningen that are already active in the field of climate form a perfect breeding ground for the climate centre. The building also won the prestigious international BREEAM award (a quality mark for sustainability).

In late 2017 the Groningen Centre of Energy Law (GCEL) also celebrated its 10th anniversary with a conference in The Hague. Over the past decade, the GCEL has developed various educational activities, including an international LLM programme for Energy & Climate Law and the unique North Sea Energy Law programme. The latter joint degree programme is organized in collaboration with the universities of Oslo, Aberdeen and Copenhagen. In terms of research, many externally funded projects, such as EDGAR (industry), Smart Grids (NWO), Offshore Wind (TKI) and SMILE (H2020), have also been or are currently being implemented.

In addition, the UG has also taken a step in the direction of sustainable energy by developing a large field with 1700 solar panels at the northern end of the Zernike Campus in Groningen. The renewable energy generated by this solar panel field is used to supply nearby research equipment and produces around 5,400 MWh.

A special edition of the magazine National Geographic features all the sustainability projects taking place in Groningen. This special edition, entitled 'New Energy', is entirely dedicated to innovation in the field of energy transition in the province of Groningen and includes various projects by UG researchers.

Sustainable Society

In 2017, the Sustainable Society thesis prize was introduced in collaboration with the province of Groningen. The prize is intended for Master's students who address issues related to the realization of a Sustainable Society in their thesis.

2017 also saw the first publication from a journalistic-philosophical project for social cohesion, civic participation and administrative innovation, sponsored by the Sustainable Society organization. The article examines the city of Groningen and the secret of pleasant coexistence.

The SUSTAIN network, which is coordinated by FSE, received an EU grant to involve school pupils in research on water management and bird migration. The aim is to develop e-learning modules for and with pupils on the theme of sustainable landscapes, partly on the basis of research in Spain, Cyprus and the Netherlands. A Marie Curie ITN network also received funding for research into resourceful communities (RECOMS); how a community can learn to cope with a changing environment.

In addition, two UG research projects as part of the Corporate Social Responsibility (CSR) Innovation programme received funding from NWO. These projects identify potential ethical and social issues of technological and other innovations at an early stage so that they can be taken into account during the innovation process. This increases support among stakeholders and contributes to a Sustainable Society.

Following on from the theme of Sustainable Society, in 2017 steps were also taken in the Horizon2020 project ACCOMPLISSH, which aims to develop new concepts for co-creation and impact. Sustainable Society is the coordinator of this flagship project in the domain of impact within SSH research.

5.4 Interaction and cooperation

The UG has an extensive network for collaborating with regional, national and international parties, including the Northern Netherlands Alliance, the Groningen Agreement, the Northern Netherlands Development Agency, Energy Academy Europe, the Northern Netherlands Healthy Ageing Network (HANN), provincial authorities, ministries, the European Commission, and businesses within and outside the Netherlands. The organization is also involved in partnerships between knowledge institutions, the public sector and market parties, such as the CCC, BioBrug, LifeLines, the Groningen Digital Business Centre, Innolabs and the SPRINT programme. The University uses this network to optimally function in an ecostructure of collaboration on research, education and valorization.

Regional level

The UG works with regional partners in the implementation of the Northern Innovation Agenda (NIA), based on the Regional Innovation Strategy (RIS): a joint policy for the Northern Netherlands for utilizing education and research. The UG also participates in the development of the top-sector roadmap for HTSM-NN (High-Tech Systems and Materials – Northern Netherlands), incorporating an academic agenda for Smart Industries. In the context of developing a regional ecostructure for innovation, the University is a partner in the development of the campus, together with all parties in the quadruple helix. The process of embedding the CVO within the region for the long term commenced in 2017 with the launch of Northern Knowledge following the completion of the RVO national valorization programme.

National

The UG participates in Top Sector activities in which academics and businesses jointly set up and fund projects. The government's Top Sector policy focuses on fostering collaboration between researchers, businesses and the public sector within nine sectors. The University is especially successful in the following Top Sectors: Logistics, Life Sciences & Health, Chemical Industry, Agriculture & Food and Creative Industry. Through the CVO (and from July

2017 through Northern Knowledge), the UG – together with the UMCG and Hanze UAS – has been consolidating and continuing the national valorization programme supported by the RVO.

International

Collaborative EU projects

In 2017, 39 new project proposals for Horizon2020 were approved. In total, the UG participated in 164 projects as part of H2020, the majority of which (108) were Excellent Science projects. The UG acted as coordinator for 18 of the consortium projects. In addition, the UG also participated in 47 projects under the Seventh Framework Programme. In total, the University received € 27.9 million from Europe for new and existing projects in 2017.

In 2017, the UG, together with the UMCG, actively participated in EIT Health, facilitating the launch of projects aimed at prevention in health, innovation and entrepreneurship. The UG also participates in EIT InnoEnergy, playing an important role in the field of energy transition.

Development cooperation

In 2017, the UG took part in a number of NICHE (Netherlands Initiative for Capacity development in Higher Education) projects that the Ministry of Foreign Affairs is funding in developing countries. In 2017, the University acted as the coordinator for three NICHE projects in Mozambique and Kenya. The University was also in the process of finishing a number of older projects (in Tanzania, South Africa and Ghana). Via the individual Netherlands Fellowship Programme (NFP), more scholarships were granted to students, with the PhD round being particularly successful. In the context of the various projects, 15 PhD students are conducting research at the University. Furthermore, the University continued to participate in the Erasmus+ ICM for Africa and also took part in an Erasmus+ project in Vietnam in collaboration with Uppsala University. And last but not least, various faculties are working with African and Asian partners in research projects funded from other sources.

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5.5 Results

At the UG, research, teaching and valorization are strongly interwoven. This brings the University into close contact with the business world and social organizations, and leads to partnerships and new business activities geared to creating value from existing specialist knowledge. Such knowledge valorization results in many new products and services that contribute to the development of the knowledge economy. The University contributes to this development through patent licences and by supporting start-ups and promoting entrepreneurship.

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Valorization indicators

In 2015, the set of UG valorization indicators was used in an internal evaluation in order to assess their feasibility and measurability, and to identify any teething problems. Following the evaluation, some of the indicators were redefined. We are able to report the following results for 2017, based on the current set of indicators.

(Cf. VSNU framework) measurement

	INDICATOR (VSNU FRAMEWORK)	MEASUREMENT	VALUE		DIFFERENCE 2017/2016
			2017	2016*	
1	Funds	GS2+3 as % of total income	33.5%	34.4%	-2.6%
2	Cooperation	Agreements with non-profit stakeholders (per research staff FTE)	0.29	0.42	-30.6%
3	Collaboration	Agreements with businesses (per research staff FTE)	0.14	0.15	-4.2%
4	Publications	Specialist publications (per research staff FTE)	1.57	1.82	-13.3%
5	Collaboration	Memberships of social organizations (per WOPI-FTE)	0.34	0.48	-28.4%
6	Publications	Popularizing publications and activities (per WOPI FTE)	1.06	0.89	18.9%
7	Research -> business	PhDs with 1st job in business	13.9%	13.1%	6.6%
8	Patents	New patent applications UG+UMCG (per research staff FTE)	0.039	0.045	-12.1%
9	Patents	New licensing agreements (per research staff FTE)	0.023	0.026	-11.0%
10	Business	New spin-outs/spin-offs/starters (per research staff FTE)	0.010	0.019	-46.0%
11	Contract teaching	Income from contract teaching (k€ per WOPI FTE)	6.51	5.70	14.2%
12	Entrepreneurial education	Proportion of students taking part in Entrepreneurial education	7.2%	7.5%	-3.5%
		a) Ba	6.9%	7.2%	-4.5%
		b) Ma	7.4%	7.5%	-1.4%

* The measurements stated here for 2016 deviate from the figures in the Management Report 2016 due to the correction of the provisional figures.

** The measurements for 2017 are provisional figures. The data on Agreements, Memberships and Entrepreneurial education are based on data from the central records, which has not yet been validated.

Patents⁷

In 2017, 26 Invention Disclosure Forms were completed by UG/UMCG researchers for new inventions. These have entered the internal evaluation process with regard to patentability and market value. In 15 cases it was decided that the patent application would be partly funded from the UG/UMCG patent fund.

In 2017, a total of 19 new patent applications were filed: 13 (also) in the name of the University and 6 (also) in the name of UG+AZG (UMCG). Four of these are jointly owned with an external party and the applications were funded entirely by the company concerned. The remaining 15 are 100% owned by UG/UMCG. With that, we have amply fulfilled our ambitions for 2017.

In 2017, SBGG and the R&V department concluded 11 licence and sales contracts.

Start-ups and commercialization

In 2017, many new construction activities were started that will enable more far-reaching cooperation between the University and the business community. For example, the first pile was driven for the second phase of the ZAP (Zernike Advanced Processing) facility. This facility provides a link in the chain from milligram-level development in the University lab to ton-level bulk production in industry, and is a collaboration between universities, universities of applied sciences and institutions providing senior secondary vocational education.

In addition, the highest point of the new building for the Innovation Centre has been reached; here, Innolab Chemie Groningen (Innolab) is developing a second facility for the Agro Food sector, once again for projects from regional businesses. InnoLab is a collaborative venture between the University, the UMCG and Syncom b.v. which provides chemical laboratories for start-ups and product development

projects. The first facility was fully occupied in 2017. In late 2017, a working group was also set up to prepare a new building for an Innolab Campus Groningen, comprising laboratories and workspaces for engineering.

Construction of a new laboratory for AVEBE's R&D also started in 2017. The company will work intensively with the UG in various fields (such as marketing, enzymatic processes, polymer chemistry and health).

In addition to these activities, various independent start-ups have been set up by current or former employees of the UG/UMCG. One such start-up is Agile Biotics B.V. Agile aims to develop compounds for new antibiotics based on patented UG knowledge. Another example is Carb Explore B.V. This company builds on UG knowledge and patents concerning carbohydrates.

5.6 Contract research and contract teaching

Development of revenues from contract research and teaching projects

In 2017 revenues from work for third parties were € 8.1 million higher than in 2016. This bring the total revenue to € 159.9 million, i.e. 24% of the UG's total income. This is primarily the result of higher project revenues at the UMCG/O&O and BSS. At UMCG/O&O, income from companies and government was higher, with lower income from contract teaching and others. At BSS, income from the government was higher than the previous year. At FSE, project revenue from the government was lower than the previous year. In addition to the revenue from contract teaching, for several years the University has been in a partnership with Freia/AOG, which is also responsible for providing some of the contract teaching. This partnership is formalized at executive and management level through the AOG Foundation.

⁷ Data can be found in Super Office and the CPI Patent Management System



04 September 2017

Opening of the Academic Year 2017-2018 in the Martini Church in Groningen.

Photo: Elmer Spaargaren

6. Talent development

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STAFF EXCL. UMCG

2017: 4,135 fte

2016: 4,043 fte

2015: 4,001 fte

ABSENCE THROUGH ILLNESS

2017: 3.2%

2016: 3.1%

2015: 3.0%

FEMALE PROFESSORS

2020: 27% (doelstelling)

2017: 21%

2016: 20%

2015: 20%

6.1 Strategic HR policy

In addition to research, education and social impact, talent development is a strategic objective of the UG. In the strategic HR agenda Every talent counts (approved by the Board of the University in 2017) the following HR goals are discussed: talent recruitment, talent development, offering a stimulating work environment and offering proper HR and other services to administration and staff members. The section below discusses each of these HR goals and outlines specific characteristics of the workforce at the end of 2017.

Attracting talent

The UG wants to strengthen its existing international reputation as a 'great place to work' by seeing current staff and former employees as ambassadors and talent scouts to attract new talent. In 2017, the UG had almost 700 job openings. (Source: TIS manager) According to the vacancy system, 70% of all vacancies were filled. 30% of the application procedures have not yet been concluded or have not resulted in appointments.

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HR Excellence in Research

In order to strengthen the University's international reputation, in 2015 the European Commission permitted the UG to use the Excellence in Research logo for academic vacancies. In the HR Excellence in Research action plan the UG incorporated the principles of the EC's Charter for Researchers and the Code of Conduct for the Recruitment of Researchers. These measures concern ethical and professional considerations (e.g. integrity, data management), recruitment and selection, working conditions, ratio of m/f employed, training and development. In order to keep the seal of approval, the University has to pass evaluations and self-evaluations and external assessments of progress at regular intervals. The first interim evaluation is after 2 years, followed by external assessments every 3 years. In 2017 the UG submitted an interim self-evaluation report⁸ to the EC. In addition, a checklist on the recruitment & selection of academics (OTM-R checklist: Open, Transparent & Merit-based Recruitment) was also completed. This checklist serves as a baseline measurement for progress in the area of recruitment and selection.



HR EXCELLENCE IN RESEARCH

HR Excellence in Research logo

Attracting talented female academics

In various pilots aimed at recruiting talented female academics, the job descriptions were adjusted, staff were asked to draw the attention of potential female candidates to the positions, members of the Appointment Advisory Committee followed a training course on the reduction of unconscious bias and an external observer was present at a number of interviews to provide feedback to the committee members.

⁸ <https://www.rug.nl/about-us/where-do-we-stand/quality-works/room-for-talent/17100internal-review-ug-otmr-checklist.pdf>

The pilots have resulted in an approach that is used in various selection procedures. In the autumn of 2017 an online tool (textio) was purchased to help vacancy holders write high-quality, attractive job advertisements which lead to a diverse range of applicants. Textio is available to all UG staff members.

Dual career support

Newly recruited, mainly international academic staff usually also have talented life partners who have life, career and work ambitions of their own. Dual Career Support (DCS) helps these partners build a social network, look for a job or work experience placement, find volunteer work, practise their Dutch proficiency or choose a degree programme. In 2016 and 2017, 106 partners registered for DCS. As far as is known, 28 of these partners found jobs, including 19 at the UG. The labour market outside the UG is unfortunately much less accessible to non-Dutch speakers (as yet). Learning Dutch takes time. The UG cooperates with IWCN and various partners in the north of the country to create more opportunities for international talents in the Northern labour market.

Talent development

The UG will continue to invest in the development of its staff. Every talent counts. All staff members are encouraged to get the best out of themselves and are stimulated to develop further.

Investment in the Talent Development (TD) programme in the past 6 years has focused on an extensive support and training programme for academic staff. At any stage in their career, staff are entitled to support from TD in the acquisition of career grants. A support programme for nominations has also been developed, whereby faculties and the University can request professional support when writing nominations for memberships of prestigious networks and prizes. As a result of the increasing demand for support in the field of grant writing, external parties were also consulted more frequently in the past year. Each faculty has now appointed its own funding officer; they regularly consult each other and the central TD team about the above-

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mentioned issues. Almost all faculties organize internal ‘fleet reviews’ to support the process of obtaining grants and nominations. All faculties are currently writing their own Faculty Talent Development Plan.

A second cohort of members was selected for the Young Academy of Groningen and events are being organized for the entire young ‘research community’. Following on from this, a Young Arts Network has also been set up at the Faculty of Arts for young researchers at the Faculty. The Career Perspectives Series (CPS) for PhD candidates and postdocs was further developed. This is a career programme that supports them in making a well-informed choice for a future either in or outside the world of academia. The Faculty of Science and Engineering established a postdoc community to support and promote mutual contact among and the professional development of postdocs.

UG Tenure Track Policy

The goal of the UG’s Tenure Track Policy is to offer young academics a career path. Meeting the objectives and criteria of the path automatically leads to a full professorship at the UG. Following an earlier UG-wide evaluation, the UG memorandum on the Tenure Track Policy was adopted in 2017. Previously, only Faculty memoranda were produced. It became apparent that there was a need to address common elements of the UG’s Tenure Track Policy explicitly. It also includes the option to work part-time: 80% or 90%. The Policy also outlines the scope and limitations of a Tenure Track support programme. In 2017 the faculties made a start on adjusting their own memoranda based on the UG-wide Policy.

Professional development of lecturers: continuous education

In 2017, the UG worked on the development and implementation of an appropriate and innovative range of lifelong learning opportunities aimed at the priorities detailed in the UG’s Strategic Plan: international classroom, learning communities, e-learning and blended learning, activating teaching, assessment. The range of courses can

be offered as individual modules for teams of lecturers, for example. Advisors are also on hand to advise faculties about other ways of improving lecturers’ professional development; for example, collaboration on curriculum innovation, peer support, teaching observations. A focus group of lecturers has been set up that acts as a sounding board and contributes ideas concerning the range and scope of a system of continuous education.

Sustainable employability

Throughout their working lives, sustainably employable employees have opportunities and the right conditions to do their work properly and thus remain employable. This concerns both current and future work and the possibility of continuing to work while remaining healthy and full of energy. The principle behind this concept is that employees are responsible for their own career and that their managers play a motivating and supporting role.

There is a broad range of development opportunities available (from HR/Health, Safety and Sustainability, AMD): individual career and coaching programmes, group-based activities aimed at various target groups, including 55+, support staff up to salary group 5, secretaries and young support staff professionals up to 35 years of age. In addition, the UG offers a range of internal training opportunities via www.rug.nl/corporate-academy. A total of 323 staff members followed an HR training programme. Of these, 81 managers participated in specific training courses, including Academic Leadership and Financial management for non-financial managers. Additionally, 123 employees developed their personal skills in presenting, project-based work and advising, among other things. Furthermore, 119 employees worked on their mobility by participating in training courses such as Career courses for Postdocs and PhDs, Networking Skills and the Invest in yourself careers course.

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Stimulating working environment

Talent can thrive in a stimulating work environment. The social context in which someone collaborates with managers, colleagues and students is very decisive. The UG supports managers to ensure that they are well-equipped. The structure of the organization and the composition of the teams in terms of diversity (m/f, NL/international) are also decisive for a stimulating working environment. It also increases the belief among employees that every talent really does count. Furthermore, the Results & Development interview remains an important tool in the coordination of objectives regarding the work, development and career prospects of the employee.

Leadership development including seminars for administrators

Various activities were organized in 2017 for UG management and administrative staff. For example, a seminar for administrators is organized every year for members of the Committee of Deans (CvD), sometimes together with members of the Management Council. In 2017 the Management Council of the Managing Directors of all faculties and the Directors of service units followed a joint leadership programme. All new Board members and directors at the University are also offered an individual development assessment, to provide them with a basis for working on their own professionalization.

Leadership programmes are also available for support staff managers, associate professors and professors, and there are also opportunities for those target groups to take part in external training programmes and coaching to further develop their managerial skills.

In addition, there is a growing demand for support of administrators and managers in terms of organizational and development issues for their units. Such issues may include optimizing cooperation between departments and management teams, providing advice on organizational issues, change processes and strategy development.

Gender equality

In 2017 the target percentage of female professors for 2020 was increased to 27% as a result of the allocation of 9 Westerdijk positions at the UG. To achieve this new target percentage, the role of the Chief Diversity Officers has been further developed and expanded to include more tasks and responsibilities. Every month, progress towards achieving the target figure is discussed on the basis of the faculty dashboards that were further developed in 2017. Training courses aimed at reducing 'unconscious bias', first launched in 2016, were organized at various faculties and service units. Awareness of unconscious bias among managers, administrators and HR staff and the objective, transparent and quality-based organization of recruitment and selection processes can remove potential barriers for women.

In the first half of 2017, the second call for the Rosalind Franklin Fellowship programme, which is co-funded by the European Union (Marie Curie FP 7 framework), was completed. The Rosalind Franklin Fellowship programme offers tenure track positions exclusively to women. Ten of the 13 available positions were filled; 8 Fellows started in 2017 and 2 will start in the first half of 2018. A total of 31 Fellows have been appointed as a result of two calls within the programme, which is partly funded by the European Union. In the longer term, the success of this policy should be reflected in the number of female professors. At the end of 2017, 19.5% of professors at the UG were female.⁹

⁹ The UMCG has 195 salaried ordinary professors, of whom 150 are male and 45 are female (23% female). This includes 48 ordinary professors funded through care resources.

The table below compares male and female appointments to academic positions in 2017.

M/F staff ratio end 2017

ACADEMIC STAFF	MALE	FEMALE	STAFF	
			2017-12	
professor	260	63	80.5%	19.5%
associate professor	182	93	66.2%	33.8%
assistant professor	294	203	59.2%	40.8%
PhD student	401	361	52.6%	47.4%
lecturer	207	233	47.0%	53.0%
researcher	225	151	59.8%	40.2%
other academic staff	5		100.0%	0.0%
Grand total	1574	1104		

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Performance management

In 2017, the various Boards and managers, with the support of HR, aimed to maintain or increase the percentage of R&D interviews held. For the faculties, the target of 90% interviews held and reports completed was too high. Not everyone feels comfortable using the digital system. For this reason an option has been added to have the reports archived and saved via email. In 2017 the percentage of R&D interviews held was 49%. This is lower than the percentage at the end of 2016: 58%. Within the framework of the PDCA cycle, the Board of the University annually discusses the percentage of R&D interviews held during the Administrative Meetings with the faculties and service units.

Internationalization

In 2017, the faculties continued working on the objectives of the Language & Culture project. Employees' English language skills and intercultural communication skills are important themes. HR has worked on its own intercultural skills and on improving HR support for international employees. New international employees are offered Connect International membership for 1 year and 2 personal consultations during the first 3 months of employment at the UG. They can use these consultation sessions to obtain information about their stay in the Netherlands, for example how to import their car or medical expenses.

Organizational changes

In 2017, the University Services Department outsourced its catering services to Beijk Catering. During the change process it was decided, in consultation with the consultative participation bodies, to retain all current UG staff. Since the beginning of 2018, UG staff have been working under the direction of the external caterer. In addition, the University

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Services Department and the service units have launched a change process to harmonize and manage decentralized standard facility processes centrally. Employees and consultative participation bodies are involved in the process through information meetings. The CIT initiated a development programme to organize its work in a more customer-oriented way.

Service

The aim is to serve staff members and managers in a modern way and to support them with proper HR services. Continuous improvement of service provision comes first. The preparation and organization of a staff survey also forms part of the service.

Staff Survey

In 2017, research bureau Effectory was selected to carry out the Staff Survey following a multiple private tendering procedure. In the autumn, led by Effectory, a questionnaire was developed in cooperation with representatives of consultative participation bodies, administrators/directors, managers, YAG members, Young UG and PhD students, with extra attention to workload.

The principle behind the Staff Survey is to conduct an action-oriented survey that serves as a basis for a dialogue between employees and managers. Via online dashboards, managers and employees can gain an insight into their own (departmental) results, so that they can work together on the issues that need improvement.

6.2 Staffing

At the end of 2017, the staffing level was 4,135 FTE (excluding 1,644 FTE for Medical Faculty staff who are employed by the UMCG). This means that staffing at the University (excluding the UMCG's Teaching & Research sector) has increased by approx. 92 FTE since the end of 2016 (4,043 FTE). This slight increase is in line with the trend in previous years. Of these FTE, 40% concerns a temporary contract. This relative proportion dropped slightly compared to the previous year (41%).

38% of academic staff have an international background (support staff: 5%). The figure below shows the distribution across the job categories for academic staff (excluding student assistants):

Nationality of academic staff

ACADEMIC POSITIONS	NON-DUTCH	DUTCH
Professor	18.4%	81.6%
Associate professor	31.9%	68.1%
UD	45.2%	54.8%
PhD candidate	47.3%	52.7%
Lecturer	17.5%	82.5%
Researcher	51.7%	48.3%
Other academic staff		100%
Total	37.9%	62.1%

**Nature of support staff/academic staff appointments in numbers,
FTE and male/female ratio at the end of 2017**

		2016				2017			
		MALE		FEMALE		MALE		FEMALE	
PERMANENT- TEMPORARY	CATEGORY	APPOINTMENTS	FTE	APPOINTMENTS	FTE	APPOINTMENTS	FTE	APPOINTMENTS	FTE
permanent	Academic staff	716	612.9	348	283.6	739	629.7	383	308.9
	Support staff	783	675.4	1031	779.7	815	711.1	1091	825.2
total permanent		1499	1288.3	1379	1063.4	1554	1340.8	1474	1134.1
temporary	Academic staff	886	774.0	756	629.2	835	740.8	721	616.0
	Support staff	153	101.3	255	162.6	152	108.2	300	195.0
total temporary		1039	875.3	1011	791.8	987	849.0	1021	811.0
grand total		2538	2163.6	2390	1855.2	2541	2189.8	2495	1945.1

Excluding UMCG O&O

6.3 Health and vitality

The 2017 Collective Labour Agreement focussed in particular on workload. In addition, a visit by the Social Affairs and Employment Inspectorate uncovered a number of areas for improvement regarding psychosocial workload. These themes will play an important role in shaping prevention policy in the coming period, during which the AMD will collaborate with other parts of HR. Sick leave in 2017 was 3.2%, a slight increase on 2016 (3.1%). The rate was 1.8% among academic staff and 5.1% among support staff (source: Peoplesoft).

In 2017 more employees once again made use of the consultation hours than in the previous year. However, there are a number of explanations for this. Own-risk bearer status under the Sickness Benefits Act (ERD-ZW) and the Return to Work (Partially Disabled Persons) Regulations (ERD-WGA) requires additional consultations. There is also a growing number of regular and scholarship PhD students, which in turn increases the total number of people who need to be

cared for. Services offered during the consultation hours are evaluated in March every year. In 2017, the average score was 8.3 (source: evaluation of occupational physicians). In 2017, 403 preventive health checks and 84 follow-up checks were carried out (Source: dossier manager).

Within the BALANS preventive health programme, various training courses and workshops for staff were organized last year aimed at vitality, health, relaxation and improved employability. A 'health week' was also organized in April. In November the UG took part in the 'Check Your Work Stress' week, a national programme of activities on the theme of work-life balance. These activities generally scored very well among participants.

Last year, the Staff Welfare (BMW) team conducted many preventive consultations. In total there were 128 new applicants, an increase of 17 registrations compared to 2016. In addition to a growing number of individual programmes, the BMW team has seen a marked increase in issues regarding career, functioning, conflicts and cooperation

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with colleagues and/or managers. The team does not only help and support the employee but also tries to get a clear picture of the problem by talking to the HR department and managers, and to come to a satisfactory solution for everyone. Such individual programmes are often complex, intensive and time-consuming. The BMW team's contribution is generally positively assessed, with an average score of 8.7 on a scale from 1 to 10.

PhD students are a specific target group. Their counselling programme is mainly aimed at strengthening planning and communication skills, and/or at return-to-work interventions after illness. This group is growing. The programmes require a lot of time, but it is clear there is a demand for them. And last but not least, the BMW team, together with the HR department and the Student Service Centre (SSC), organizes workshops for managers on discussing prevention and absenteeism – especially in the case of psychological problems – as well as training courses for PhD students.

Reintegration of ex-employees that are out of work or are ill is jointly taken up by the HR department and the AMD department. In 2017, we continued professionalizing the support from case managers in helping employees or ex-employees that are unemployed or faced with unemployment, that have a long-term illness or that were on sick leave when their employment contract ended find another position, either within or outside of the University. This reflects the University's commitment to being a good employer and to controlling expenses relating to employment benefit obligations under the Unemployment Insurance Act (WW) and the Netherlands Universities Enhanced Unemployment Scheme (BWNU). Case management in the context of ERD-ZW and ERD-WGA also requires a greater effort in this regard than in the previous year.

Participation Act

In response to the evaluation of the Participation Act, geared to the structural embedding of participation jobs after 2020, the position of 'Participation Act case manager' has developed into that of 'project manager for sustainable, inclusive and accessibility policy (people with occupational

disabilities)'. The team of stewards is managed by a team coordinator from the University Services Department. The project manager focuses on involving a broader group of people with occupational disabilities at the UG, the realization and monitoring of social return in tenders and the policy for the accessibility of buildings.

Safety

In 2017, we continued to address 'comprehensive safety' within our organization, through continued cooperation between the University Services Department, the CIT and the AMD department, among other stakeholders. In 2017 a national meeting focussing on the theme of 'worrysome behaviour' took place in Groningen.

In-house Emergency Services

Following a tendering procedure, a new In-House Emergency Services trainer was appointed in 2017. The results are positive. Evaluations are currently underway, and potential areas for improvement are being identified. An annual training plan is in place. Each year, current training topics can be further developed and added to the plan in addition to the permanent topics.

Crisis Team

The UG Crisis Team received several call-outs and/or notifications in 2017, through channels including the WhatsApp group. The use of WhatsApp groups allows the UG Crisis Team to gain information quickly. Furthermore, a crisis-management exercise took place at the CIT and FSE, involving the directors and Boards.

Laser safety

In 2017 there were no notifiable incidents involving lasers. Since 2016 the activities of the Laser Safety Manager have been performed by an external party, while the AMD department is responsible for coordination. Periodic (annual) audits commenced in 2017.

Radiation safety

In 2017, the work of the Radiation Protection Unit (SBE) and that of the organization involved in the recognized training

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courses for radiation protection were integrated within the Groningen Academy for Radiation Protection (GARP). In the report year there were no notifiable incidents within the meaning of the Radiological Protection Decree (Besluit Stralingsbescherming). In 2017, the SBE made preparations for the implementation of new legislation and regulations that came into effect on 6 February 2018. Specific attention was given to the need to change the policy on radioactive waste.

Biological safety

The Biological Safety organization is coordinated by the UG's AMD department. In 2016, the Biological Safety unit was subject to a reorganization. In 2017 the Biological Safety Organization started carrying out audits, the Safe Microbiological Techniques course was developed and the manual was revised. In the year under review, 1 notifiable needlestick injury occurred. This incident was reported to the GMO office and handled in accordance with the GMO office guideline.

6.4 Legal rights and integrity

The Strategic Plan 2015-2020 contains the mission, vision and core values of the University. Integrity is one of our six core values and underpins all the University's actions. Integrity here translates into honesty, openness and transparency in our methods and reporting. In this context, integrity and academic freedom go hand in hand. In 2017, the Integrity programme organization team worked on (re)formulating the integrity policy and also developed a training programme on the subject of integrity.

In autumn 2017 the Board of the University approved the Code of Conduct on Integrity, after consulting with staff from various tiers of the organization and receiving consent from the University Council. This Code is an umbrella document that combines all the existing regulations and agreements relating to integrity. In addition to this Code of Conduct, we also have a procedure for reporting malpractices and an independent confidential advisor, both of which help

to safeguard the pillars of the University's Integrity policy. As such, the Regulations for Reporting Malpractices and Irregularities (formerly the Whistle-blowers' Scheme) and the Regulations concerning the University of Groningen Confidential Advisor were revised. All of these documents are available on the www.rug.nl/integriteit website, which was recently launched.

The Board of the University also recommends facilitating discussions on the topic of integrity. In light of this, a training programme was set up in 2017. In the spring, the first version of the training programme was tested in a number of pilots within various departments of the University. Based on the experience gained in these pilot projects, the training programme was developed further and adopted following approval by the consultative participation bodies. As soon as the tendering procedure is completed, the training programme will be offered to managers and administrators, including the members of the Board of the University and the Supervisory Board. After these training courses, the administrators, in consultation with their managers, will draw up action plans for rolling out the training programme to the rest of the faculties and service units.

In terms of business operations, in 2017 two internal investigations were conducted into suspected violations of integrity. Both internal investigations were completed in 2017; one case resulted in employment-related measures being taken, and the other in further agreements with the person concerned.

Complaints, appeals and objections

The University has adopted the rules and procedures prescribed by law for the handling of appeals, objections and complaints – not just official complaints and appeals under the General Administrative Law Act (AWB) but also other types of complaint. In the event of legal changes, the rules prevailing at the University are amended. Students who wish to make a complaint or who consider their rights to have been violated can discuss the matter informally with their study advisor or a student counsellor.

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A formal procedure is instigated when an official complaint, objection or appeal is submitted to the Central Portal for the Legal Protection of Student Rights (CLRS) via its website. This may concern various matters, ranging from inappropriate behaviour by a University staff member to a lecturer's failure to mark a thesis in good time. In 2017, the Board of Appeal for Examinations (CBE) received 282 appeals, and 95 objections were lodged with the Disputes Committee (by comparison: in 2015 and 2016 students lodged 229 and 228 appeals and 105 and 99 objections respectively).

Complaints relating to the suspected violation of academic integrity can be submitted to the Academic Integrity Committee (CWI), either through the Board of the University or other channels. The CWI will then investigate the complaint and, on the basis of its investigation, advise the Board of the University as to the validity of the complaint and any measures that should be taken accordingly. In 2017, no complaints were submitted to the CWI.

Office of the Confidential Advisor

UG staff and students can consult the Confidential Advisor if they encounter harassment (sexual or otherwise), aggression, violence, discrimination or other inappropriate behaviour (including stalking), or if they experience unfair treatment. Staff can also contact the Confidential Advisor if they are faced with conflicts at work. The Confidential Advisor is an independent counsellor who has access to all the necessary information. A new Confidential Advisor was appointed on 1 December 2017. In 2017 the UG's Confidential Advisor Regulations were brought up to date and the new version of the regulations came into effect on 1 January 2018.

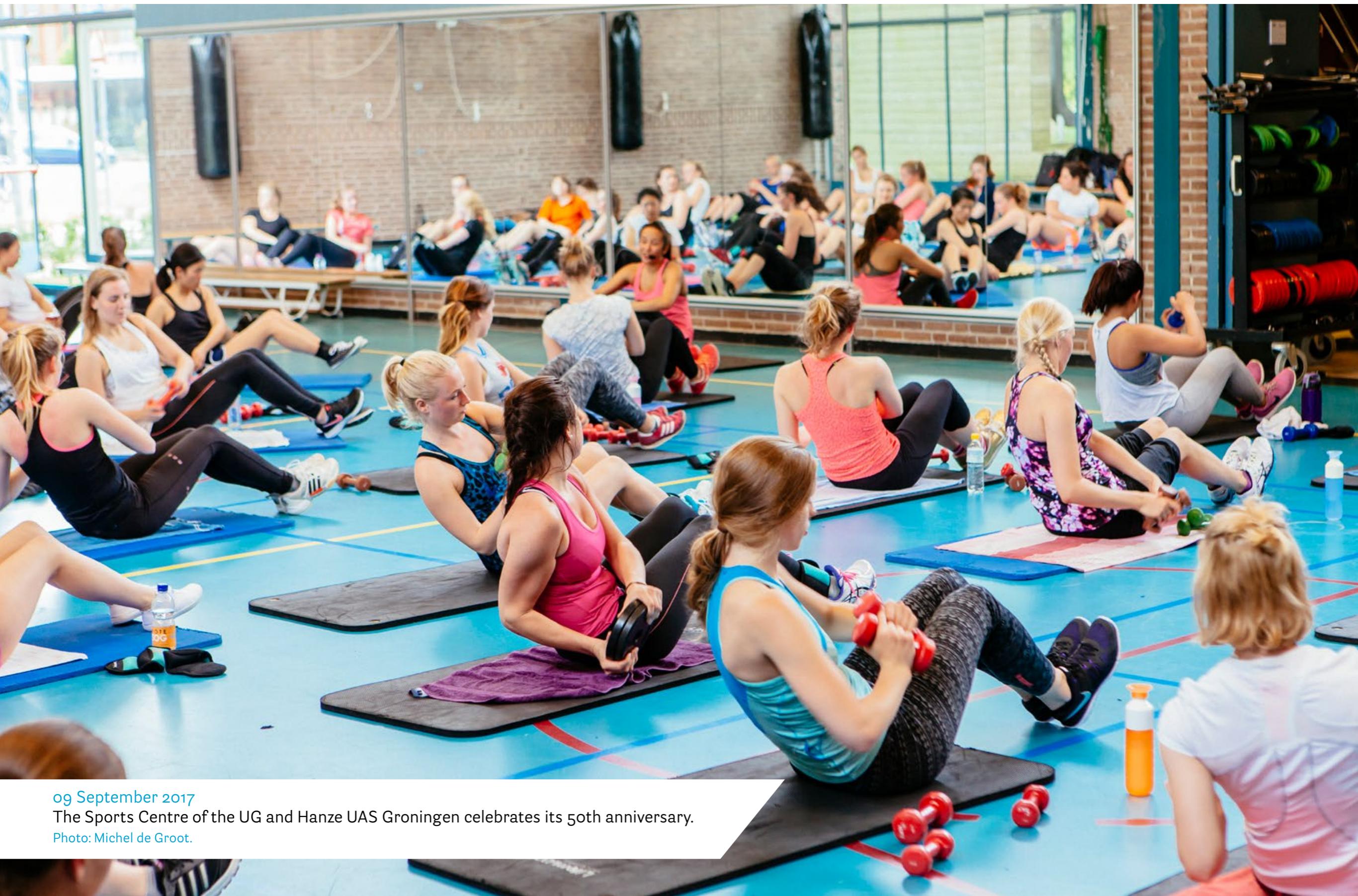
Regulations for Reporting Malpractices and Irregularities (formerly the Whistle-blowers' Scheme)

In 2011, the Board of the University adopted a procedure for whistle-blowers. Staff, students or anyone working at the University on a temporary or permanent basis can report suspected malpractices. This can be done within the direct management line (e.g. informing an immediate superior) or, initially, in confidence by consulting the Confidential Advisor. The legal position of a whistle-blower is protected.

Because the legislation for such reports has changed, in 2017 the UG amended its regulations and changed the name to Regulations for Reporting Malpractices and Irregularities. These new regulations came into effect on 1 January 2018. In the year under review, the Confidential Advisor received no reports from whistle-blowers.

Severance pay policy

The University's policy regarding severance pay is based on the agreements laid down in the Collective Labour Agreement for Dutch Universities and the associated regulations, including the Netherlands Universities Enhanced Unemployment Scheme (BNWU). The Regulations for Early Retirement and the Senior Executives in the Public and Semi-Public Sector (Standards for Remuneration) Act are also taken into account. There is not a one-size-fits-all approach.



09 September 2017

The Sports Centre of the UG and Hanze UAS Groningen celebrates its 50th anniversary.

Photo: Michel de Groot.

7. Facilities

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SPORTS CENTRE

18,000 sporting students
1,000 sporting staff
50 student sport clubs
100 different kinds of sports

ENVIRONMENTAL PERFORMANCE (INTERNATIONAL)

Green Metric Ranking:
2017: 11
2016: 15
2015: 12

ENVIRONMENTAL PERFORMANCE (NATIONAL)

SustainaBul
2017: 6
2016: 6
2015: 4

7.1 Student facilities

Culture

In 2017, the USVA Student Board consisted of 6 people before the summer and 5 people after the summer. In collaboration with over 100 student volunteers from 20 committees, the Board organized around 50 events, including the monthly

Quiz Night, Flicks (International Short Film Festival) and Nootuitgang (the Singer-Songwriter competition for students in Groningen). It also provided total funding of approximately € 8,100 to over 20 student culture initiatives. As in previous years, USVA offered around 150 courses in 7 different sections, including Visual and Fashion, Dance and Music. The range of courses on offer attracted more than 1,700 students.

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In 2017, 144 public activities took place at the USVA Theatre, attracting 9,500 visitors.

Sports

ACLO is a student-run sports organization for students and staff of the UG and the Hanze University of Applied Sciences. Its members use the University Sports Centre, which in 2017 celebrated its 50 year anniversary ('50 years on the move') with all kinds of sports and festive activities.

In addition, the business case, which contains the details for future variants for the renovation and construction of the sports building at Blauwborgje 16 on the Zernike Campus, was further developed and reached the final stage by the end of 2017. The joint elite sport policy of the UG and Hanze UAS was reassessed, reworked and approved.

In 2017, it emerged that the ACLO concept is attracting more and more international students to become active members of association committees and boards.

Figures for 2017

- > 18,000 students participating in sports
- > 1,000 staff members participating in sports
- > 50 student sports clubs
- > 600 hours of supervised sport per week

7.2 Operational management and sustainability

In the Roadmap 2015-2020 as established by the Board of the University, ambitions with regard to People, Planet and Performance have been formulated for 2020. The current report provides an overview of the current state of affairs with regard to the realization of those ambitions and the projects that have been carried out accordingly.

People

The HR and AMD departments are working together on issues such as sustainable employability, talent management, inclusiveness and mobility. The AMD department focuses on promoting a healthy working environment with due attention for achieving a satisfactory work-life balance and maintaining physical and mental health. In 2017, both departments continued successful regular activities such as the Talent Development, Talent Travel and BALANS programmes. In addition, new projects were developed in the fields of employability, vitality and health, based on increasing employee involvement in and awareness of their own employability, health and vitality. The organization will continue to be responsible for providing an inspiring and healthy working environment. The following projects were developed in 2017:

- > Project 55+: aims to help maintain and increase sustainable employability for staff aged 55 and over.
- > Managers: aims to create awareness and help managers promote the sustainable employability of their staff.
- > Strong at Work: helps support staff (up to salary group 5) to boost their employability.
- > Career portal: digital tool to help employees work on their sustainable employability.
- > Secretaries: aims to help maintain and increase sustainable employability for this target group.
- > Young UG: aims to support the professional development of young professionals up to the age of 35.
- > 'Take control of work pressure': talent management project for postdocs/temporary researchers.
- > PhD Careers Project: development of modules to help the target group make career decisions and establish connections within the business community.
- > BALANS: a UG lifestyle programme that aims to promote a healthy lifestyle.
- > Combining care and work: research project on how the UG can help staff members who also provide informal care.

Planet

The table below shows the UG's Environmental Performance Indicators (EPIs).

The University of Groningen's Environmental Performance Indicators (EPIs)

	2005 ¹	2015	2016	2017	% CHANGES IN 2017 COMPARED TO 2005
Contents	Students (including exchange students)	22,688	30,598	31,048	32,463
Supervisory Board report	Employees	6,168	5,826	5,898	5,945
Preface	Students + employees	28,856	36,424	36,946	38,408
1. Mission and vision	Gross floor area (GFA)	374,377	432,745	436,820	440,484
2. Positioning	EPI / M ² GFA				
3. Research	Primary Energy ²) in EPI GJ/m ² GFA	1,56	1,62	1,61	1,62
4. Education	Water in EPI m ³ /m ² GFA	0,40	0,38	0,39	0,40
5. Societal impact	Non-hazardous waste in EPI kg/m ² GFA	2,30	2,31	2,40	2,45
6. Talent development	Hazardous waste in EPI kg/m ²	0,20	0,18	0,16	0,20
7. Facilities	EPI/STUDENT + EMPLOYEE				
8. Governance	Energy in EPI GJ/student + employee	18,77	19,24	18,95	18,55
9. Continuity section	Water in EPI m ³ /student + employee	5,16	4,55	4,53	4,55
10. Analysis of annual results	Non-hazardous waste in kg/student + employee	29,9	27,44	28,17	28,10
Financial statements	Hazardous waste in EPI kg/student + employee	2,53	2,18	1,92	2,28
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¹ In the UG Roadmap 2015-2020, 2005 is taken as the reference year, as agreed in the Long-Term Agreements (MJA III).

² Primary energy consumption (Process Energy Requirement, PER) is the energy consumed by Dutch energy providers in order to produce power. The efficiency of power stations in the Netherlands varies between 38% and 46%. Our calculations are based on 39.5% efficiency, which includes distribution losses. By making minor corrections (synchronization of standard values) such as the conversion factor for converting m³ of gas to gigajoules, the figures produced differ slightly from those of previous years. (Note: calculations for all years have been adjusted.)

The table above is based on the number of registered students. Some of these students are enrolled in multiple programmes.

The results show that, relative to 2005, both the number of students and the Gross Floor Area have grown. More students also means more energy consumption, as additional facilities such as auditoriums need to be heated and lit. In addition, University opening hours have been extended due to a shortage of facilities, and more PC stations have been installed.

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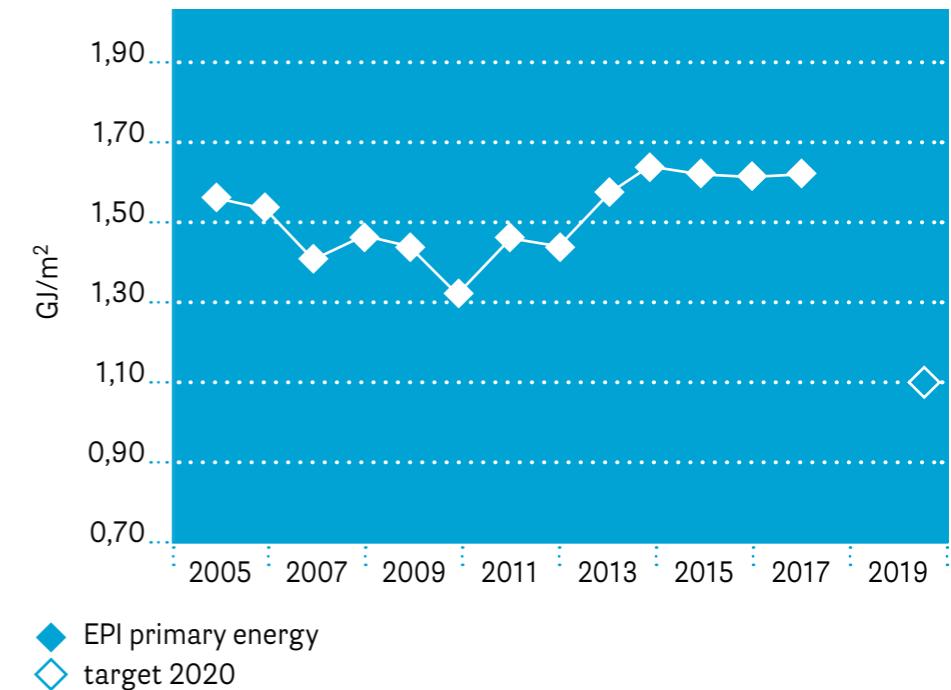
Energy consumption per student/staff member is calculated by dividing the total energy consumption by the number of staff and students. The graphs below reveal a downward trend for the 'Energy' and 'Waste' categories. The Environmental Performance Indicators for energy (in GJ/m²) indicate an increase in primary energy consumption since 2010. As of 2014, however, the trend seems to be stabilizing, while the number of students and staff has increased. This means that less energy has been used per student and staff member, but this decrease is not yet enough. The UG's sustainability ambition for energy efficiency as stipulated in the 2015-2020 Roadmap is to reduce energy consumption by 2% compared to 2005. To meet that target, more effort will have to be put into both technical and behavioural measures in the coming years.

In 2017, the Energy Efficiency Plan (EEP) for the period 2017-2020 submitted to the Netherlands Enterprise Agency (RVO) was assessed. As a result, it was agreed that the UG would still develop an energy care system and carry out an energy scan on all UG buildings. The aim of this inventory is to identify what are known as 'approved measures' with a payback period of less than 5 years. Approved measures are energy-saving measures that have been approved by the RVO, such as the use of LED lighting and Smart Building technology, including motion sensors in buildings.

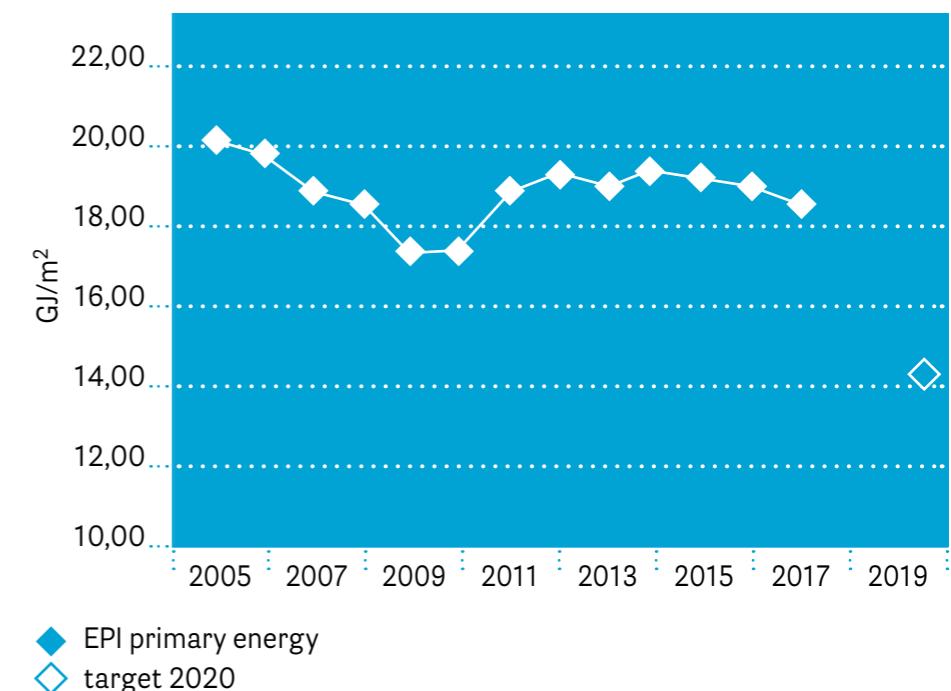
Sustainable energy

In 2016, the UG switched to a new energy supplier for both gas and electricity. The energy we buy is 'greened' by purchasing Guarantees of Origin (GOs) for our electricity consumption, and emission-reduction certificates for our gas consumption. In 2017 50% of the GOs acquired for electricity purchased abroad was converted to GOs for electricity

EPI primary energy GJ/m² GFA



EPI primary energy GJ/(staff member+student)



purchased in the Netherlands. By doing so, the University directly promotes the production of renewable energy in the Netherlands.

In December 2017, the first field with 1,700 solar panels at the north side of the Zernike Campus in Groningen was officially put into commission. The solar panel field generates around 5,400 MWh of clean energy, which is roughly equivalent to the energy consumed by 120 households per year. The renewable energy generated by this field will be used to supply nearby research facilities.

In total, approximately 17% of the University's energy needs are generated from its own renewable sources, including underground energy storage, solar panels and a wind turbine. As a result, last year the University met 68% of its target of 25% self-generated renewable energy as laid down in the Roadmap.

Water

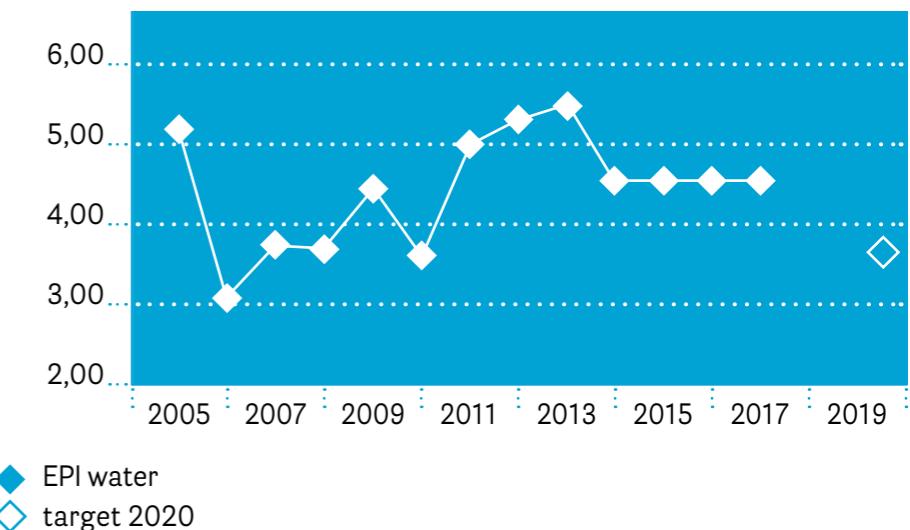
Despite a steady increase in the number of students over the past few years, water consumption has stabilized at around 0.39 M³/employee and student. In 2013, water consumption dropped and has remained stable since. This is the result of significant savings in the water supply for the animal shelters at Linnaeusborg. Furthermore, in various buildings water-efficient toilets and taps have been installed, and rainwater is used to flush toilets in a number of buildings.

Waste

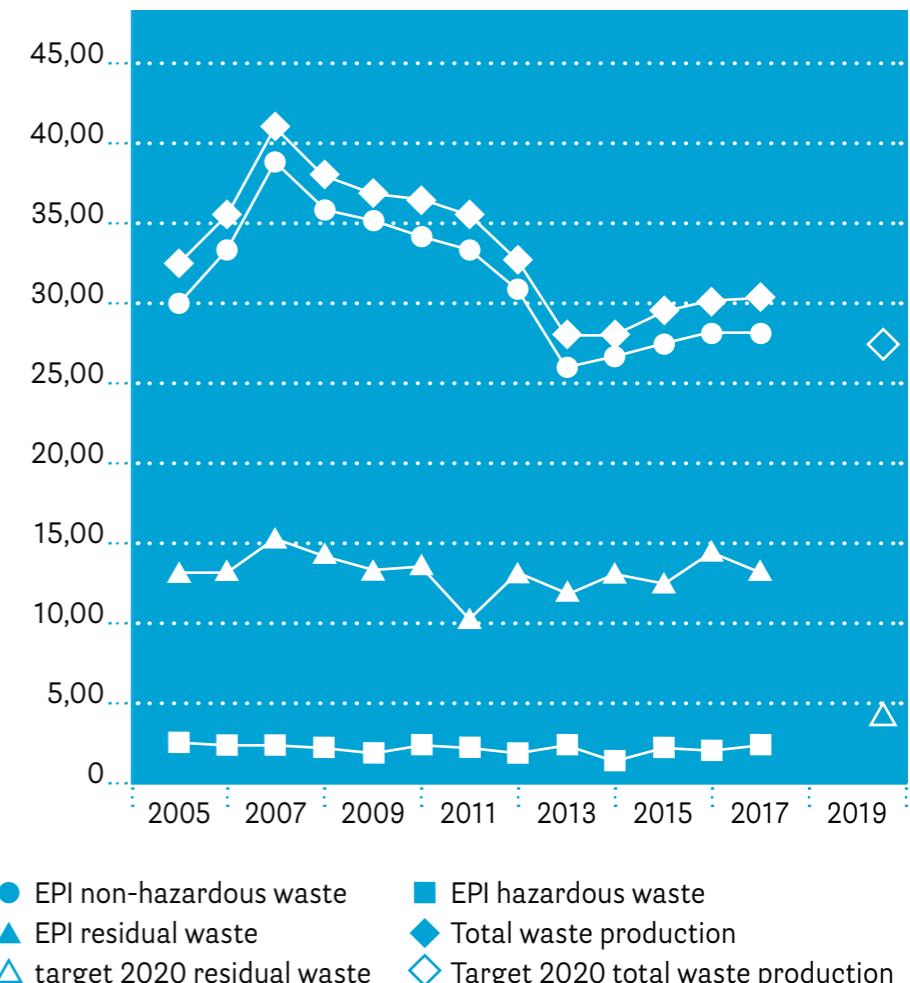
The University's waste can be subdivided into the categories 'hazardous' and 'non-hazardous'. The University has 30 waste flows in total: 16 waste flows of hazardous waste and 14 waste flows of non-hazardous waste. It is the University's ambition to separate at least 70% of its non-hazardous waste by 2020. The graph below shows that the total amount of waste seems to stabilize at around 30 kg/employee+student, despite an increase in the number of students.

Improved separation of residual waste should result in a further reduction in the total amount of waste. An inventory carried out in 2017 showed that about 40% of residual waste

EPI water in m³ (staff member+student)



EPI waste in kg/staff member + student



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consists of organic waste, approx. 20% plastic waste and 20% paper and cardboard drinking cups. Based on these results, a proposal will be drafted to further improve the separation of residual waste. Collecting these residual waste streams separately and, for example, using organic waste for composting can reduce the amount of residual waste. Agreements are also being made with the UG's suppliers regarding the reduction of packaging material for goods supplied.

Ecological management

In 2017 a start was made on the installation of nest boxes at UG locations in the city centre.

Carbon footprint

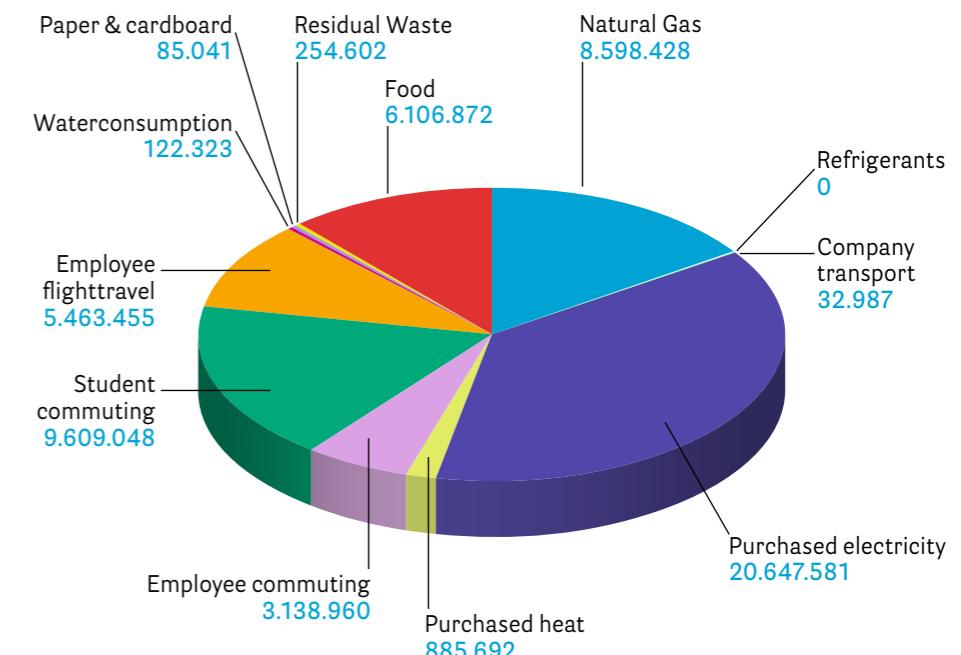
2016

In 2017, the UG developed its own carbon footprint calculation tool. In 2016 the University produced 63 ktonnes of CO₂. The graphs below show the UG's CO₂ emissions per category, such as electricity, gas, commuter travel and business flights (air travel). The results show that almost 50% of CO₂ production comes from electricity consumption. Approx. 38% of CO₂ production is from travel (commuter and business-related travel).

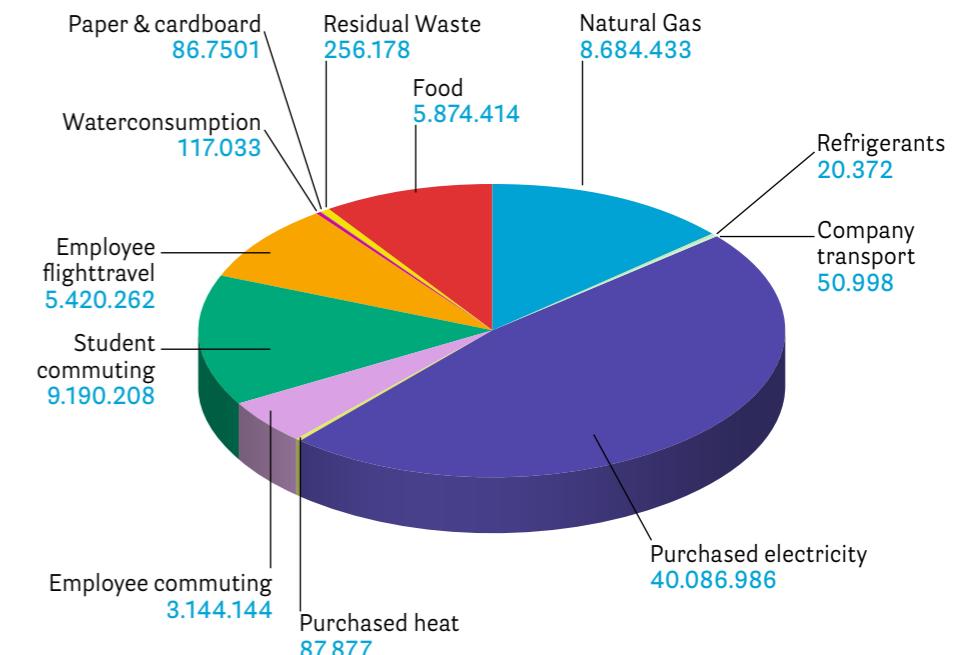
2017

In 2017 the University produced 54 ktonnes of CO₂. This represents a 14% drop compared to 2016. The graph below shows that this drop is due to a decrease in purchased electricity. In 2017, 50% of the electricity purchased was offset by GOs for electricity produced in the Netherlands from biomass (NL source/biomass) and 50% by GOs for electricity produced in Denmark from biomass (European source/biomass from Denmark).

CO₂ emission per category 2016



CO₂ emission per category 2017



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Transport

Commuter travel

In June 2017, the UG signed the Declaration of Intent on Education and Accessibility. In collaboration with the Groningen Bereikbaar ('Accessible Groningen') initiative, the University is taking measures to assure the accessibility of both the city and the University itself. The University encourages its staff to travel by bicycle, e-bike or public transport as much as possible, and to refrain from using cars. To this end, the UG set up the cycling incentive programme Rij2op5. Employees were given the opportunity to try out an e-bike for two weeks (for free), and a number of them have subsequently purchased an e-bike.

Campus bikes

In collaboration with the faculties, 20 campus bikes were purchased with a lock that can be opened via an app. The bikes will be delivered in late February. The campus bikes can be used for commuting (from the P+R locations) and for work-related trips between the various faculties. In the coming period, the pilot project will be launched and potentially expanded.

Extra direct bus services have been introduced between P+R Haren and the Zernike Campus. Charging points for electric cars have also been installed to encourage the use of electric vehicles.¹⁰

Mobility week

In September, the AMD organized a Roadshow in cooperation with the Green Office. During the event employees and students received information about the planned road works on the southern part of the ring road and travel alternatives offered by the UG.

Trial travel card

Last year, UG employees were invited to try out a public transport card free of charge for three weeks. Throughout

the Groningen region 480 people made use of the offer, about 5% of whom were UG employees.

Web page about planned road works

A special web page has been created on the UG website where employees and students can obtain information about the planned road works and travel alternatives offered by the UG. This page receives a lot of visitors.

Business travel

In 2015 the UG switched to a new online booking system, which makes it easier to keep track of business air miles:

YEAR	AIR TRAVEL IN KM
2015 (from July)	8,955,840
2016	32,652,310
2017	32,413,699

Business flights account for more than 10% of the UG's total CO₂ emissions (see graphs on the UG's carbon footprint).

In late 2017, in collaboration with 2 Bachelor's students, 1 Master's student and a PhD student, a project was started to investigate the possibilities of offsetting CO₂ emissions for the UG's business flights.

Performance

Ranking

UI Green Metric World University Ranking 2015

In 2017, the UG rose 4 places in the international Green Metric Ranking and is now in 11th place. The UI Green Metric Ranking was launched by the Universitas Indonesia (UI) to generate awareness of sustainability issues in university policy-making. This year 619 universities in 76 countries took part. Participating institutions were assessed on the indicators 'setting and infrastructure', 'energy and climate change', 'waste', 'water', 'transportation' and 'education'.

¹⁰A full project overview can be found at: <http://www.rug.nl/about-us/who-are-we/sustainability/practices/mobiliteit>

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UG position

YEAR	RANKING	NUMBER OF PARTICIPATING UNIVERSITIES
2017	11	619
2016	15	516
2015	12	407
2014	49	361

SustainaBul 2017

As in 2016, the UG ranked 6th in the list of most sustainable educational institutions in the Netherlands in 2017. The ranking is based on sustainability in the broad sense of the word and will be published for the 6th time this year. Institutions can achieve a maximum score of 400 points. SustainaBul assesses sustainability and transparency within four themes: Teaching, research, business operations and an integral approach. This year the UG scored 340 points.

Green Mind Award

The UG Green Mind Award is an initiative of the Sustainability Task Group, whereby UG staff and students can present their ideas for boosting the sustainable performance of buildings or operations. The last time the Green Mind Award was organized, there was no winner. The proposals submitted were not of sufficient quality to be implemented.

The idea now is to change the format of the Green Mind Award. In the spring of 2018, a student will investigate whether a Hackathon¹¹ format is an option. During a Hackathon, participants (volunteers) come together for a few days or a weekend to brainstorm new ideas.

Sustainability in education

The number of sustainability-related courses at the University was analysed in 2017 at the request of the Sustainability Task Group. This was done using a method developed by the State University of Arizona that was fine-tuned by the researchers. The study revealed that 40% of the entire curriculum could be linked to sustainability in some way. The existing method was evaluated and renewed in late 2017.

Staff week

In 2017, organization of an Erasmus Staff Week on sustainability got underway. During the week, the UG will share its best practices in the field of sustainability. The aim of the week is to provide staff members from other universities with an insight into the UG's sustainable measures in order to help other universities become more sustainable.

International collaboration

In 2017, the UG, together with the other U4 universities (Göttingen, Uppsala and Ghent), launched a sustainability project. The aim of the project is for all universities to strive for an equivalent level of sustainability. This can be achieved by leveraging each other's best practices. The UG has developed a carbon footprint calculator to keep track of the footprints of the participating universities. Together with its students, the UG is researching responsible ways to offset the carbon footprint of business flights. The results of this research will be shared with the participating universities.

Green Office

In 2017, the Green Office was once again involved in sustainability projects. More colleagues are contacting the Green Office and asking for advice on how to make more sustainable choices in their work, for example when organizing events. Purchasing and tendering processes have also become more sustainable.

¹¹ A hackathon is an event at which various parties work together on a certain theme. The goal is that, within a set period of time, an innovative and creative solution is devised for a certain theme or problem.

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Animal experiments

At the UG, animal experiments are carried out for teaching and research purposes when there are no feasible alternatives. In accordance with the Animal Experiments Act (Wet op de Dierproeven), the Animal Welfare Body (IvD, Instantie voor Dierenwelzijn) must be notified about all experiments. The University also employs laboratory animal experts. These staff members advise researchers on the best way to set up animal research and supervise the treatment of the animals. The UG strongly believes in professional academic practices and ethically sound teaching and research. The members of the University's Animal Experimentation Committee (DEC-RUG, Dier Experimenten Commissie Rijksuniversiteit Groningen) are experts in animal experimentation, alternatives to animal experimentation, laboratory animals and their protection, and ethical assessment. They also abide by generally applicable viewpoints from the Code of Practice on various subjects. Every year, the DEC-RUG publishes an annual report on its website. The report is in Dutch.

7.3 Procurement

In 2017, 29 tendering procedures were completed. At the end of 2017, a further 29 were in the preparation phase. The 29 completed tenders included 17 European tenders (of which 10 were new and 7 were repetitive) and 12 private tenders (including both multiple and single tenders).

Socially responsible procurement

The UG as a socially responsible institution has set itself the goal of promoting sustainable development in all aspects of the University. This also applies to socially responsible procurement. The selection and award criteria for all purchasing procedures must reflect the policy as stipulated by the Board of the University.

Sustainability

Before each tendering procedure is initiated, the project/purchasing team carries out a product and market analysis to find out whether any sustainable solutions are available on the market. The aim is to achieve the highest possible standards, based on the following criteria: Budget, Quality, Competition, Feasibility and Added Value. If this proves to be infeasible, the sustainability criteria as formulated by Pianoo will suffice.

Social return

'Social return' is an approach aimed at creating more employment for people at a distance from the labour market. This way, purchasing departments of public-sector organizations can encourage or require suppliers to involve vulnerable groups within the labour market when fulfilling a contract. In the product and market analysis that is carried out internally as well as externally before each tendering procedure, the project team assesses the extent to which this principle can be incorporated.

The UG is also affiliated with Electronics Watch (EW). When purchasing hardware products, each tendering party must subscribe to EW's terms and conditions (in order to prevent labour abuses during the manufacturing process). If possible, contractors in all sectors are asked to indicate in their tenders how many placements they can provide for UG students.

SMEs/regional businesses

In the product and market analysis that is carried out before each tendering procedure, the project/purchasing team assesses how SMEs and businesses in the region can be given a realistic opportunity to compete for contracts.

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7.4 Accommodation

The University's accommodation policy has long been based on three principles: it is a strategic instrument, it stands for quality improvement and it is geared to spatial concentration in a number of locations. In 2011, in line with the Strategic Plan, work began on the subject of operational efficiency, with the focus on accommodation. In addition, the focus areas Healthy Ageing, Sustainable Society and Energy are reflected not only in new construction projects but also in the commitment to sustainable design and execution.

In 2014, it became clear that the city of Groningen is also part of the area that is affected by earthquakes caused by gas extraction. This has consequences not only for the University's construction plans but also for its existing buildings. In 2014 the designs for the current major construction projects were assessed in terms of earthquake resistance and modified where necessary. This had substantial implications for both the duration and cost of the projects.

In 2015, in close consultation with NAM (the Dutch national exploration company responsible for gas drilling), agreements were made with regard to inspections and procedures for the approval and reimbursement of additional costs that the University will incur as a result of having to make its buildings earthquake-proof. Because the parameters and contours of the earthquake zone continue to shift, the issue of earthquakes will continue to require the University's attention. The designs for the new construction projects Energy Academy and Feringa Building have been assessed by NAM. As a result, in 2016 an agreement was reached with NAM on the reimbursement of the additional costs the University will have to incur in order to assure the new Energy Academy is earthquake-proof. This agreement was officially laid down in 2017 and NAM also paid the additional costs. In addition, agreements in principle have been made on the reimbursement of the additional costs the University will have to incur in order to assure the new Feringa Building is earthquake-proof. The details of these agreements in principle are still being worked out and laid down in an agreement.

In 2016, the High-Risk Building Elements (HRBEs) for each UG building were identified. The mitigation of these HRBEs is currently considered part of the city of Groningen's task to reinforce buildings, which is the responsibility of the National Coordinator Groningen (NCG). For this reason, in 2016 the University began consulting with the NCG on mitigating these HRBEs. Issues associated with earthquakes will continue to be an integral part of the University's accommodation policy and construction projects in the years to come.

In 2017, the construction sector recovered strongly after a number of bad years. This recovery has resulted in rapid price increases and a very critical attitude on the part of contractors when bidding for projects. This sudden turnaround has led to delays in the tendering process and realization of a number of projects.

Construction projects

The accommodation and building activities are concentrated in three areas:

1. City Centre Campus

The Accommodation Plan sets projects for the next 10 years, the aims of which include mitigating the problem of faculties and service units having scattered locations in different buildings, and reducing the University's total footprint in the city centre.

In 2016, the Faculty of Law began work on developing a vision on its organization and accommodation, and hence on identifying its accommodation needs. This is a first step towards the relocation of the Faculty (or a part thereof) to the Public Library building that was purchased to this end in 2014 and that will become available in 2019 (one floor will be available from 2018). In 2017, the vision of the Faculty and the Schedule of Requirements were established and an architect was commissioned to use this input to draw up an initial vision on the integration of the Faculty of Law into the building on Oude Boteringestraat.

The University Library was completely renovated within three years, while the building remained available for students and

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staff. The project was completed in 2017 and the building was reopened in a festive ceremony.

2. Healthy Ageing Campus

In 2015, the partners on the Healthy Ageing Campus drew up the Schedules of Requirements for their facilities. In 2016, these SoRs were developed into an urban planning survey and a master plan, which was approved by the UG and UMCG Boards. The various subplans are currently being developed as separate but related projects. In 2017, the main focus was on a cooperation agreement between UMCG and UG, in which the main points regarding responsibilities and settlements were agreed.

3. Zernike Campus

In 2017, the tendering process for the construction of the Feringa Building was launched. It is being developed to replace the FSE building at Nijenborgh 4, which has been written off. The Feringa Building will be a key centre for high-level fundamental and applied research. It will accommodate various prestigious institutes. The new building replaces the outdated Nijenborgh 4 building and, with its vibration-proof laboratories and advanced air-conditioning system, will be one of the best-equipped research buildings in Europe. It will also be one of the most energy-efficient buildings of its type. It has 900 m² of solar panels and is connected to two heat and cold storage systems.

The tendering process started at a time when the construction sector was starting to recover quickly from the downturn, following a number of bad years. The tender strategy was developed in and for a different market. The rapid price increases and the risk profile attributed to this project by the contractor (high due to phased construction) resulted in the termination of the tendering process. The project will be put out to tender again in 2018, after a tough round of cost-cutting and radical changes that should have a positive impact on the risk profile of this project.

In 2016, a decision was taken on the expansion of the Examination Hall, which will be extended with additional lecture halls and exam facilities. The expansion of the

Examination Hall was to be put on the market as a 'Design and Build' contract in 2017. However, as there appeared to be little interest in this, the UG decided to develop the project into a Final Design project. This will be put out to tender in 2018.

At the Zernike Campus, a long-term plan for the Sports Centre is being implemented, a vision document on the accommodation of the Faculty of Spatial Sciences and the Center for Information Technology (CIT) is being developed, and a plan for the new University Services Department is underway. The Property and Investment Projects department (VGI) is working with the partners in the Groningen Agreement on plans to improve the quality of the campus. This concerns projects relating to infrastructure and fitting-out, as well as improvements to facilities and the realization of an attractive business climate.

7.5 Information technology

The Center for Information Technology (CIT) is an IT expertise centre at the University. It offers high-quality, innovative and reliable services to the UG (and partners such as the UMCG and ASTRON) in the field of IT for teaching and research. The CIT is one of the leading academic parties in the Netherlands for managing and analysing big data and sensitive data such as patient or company information.

Teaching and research

Most of the CIT's activities relate to the provision and maintenance of the UG's digital environment: the campus network, the data centres, the High Performance Cluster, University workstations, the website and intranet, all campus software and the helpdesk. The CIT also has specialists on hand to support teaching, research (including spatial data and visualization), infrastructure and business management. Securing the University's network and IT systems is one of the highest priorities.

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Digital testing and research data management

Priorities in terms of innovative developments include digital testing and research data management (RDM). Digital testing concerns both the training and support of lecturers with various forms of digital testing and the infrastructure for setting and sitting digital exams and processing a large numbers of tests. In recent years, the number of digital tests at the UG has increased sharply; the goal is to digitize 80% of tests by 2020.

Developments in RDM span the entire data cycle, starting with the provision of support for adequate data management plans (required by subsidy providers), through to facilities for supporting and carrying out data analysis and curating and archiving the data for future research. To improve support for the entire research data life cycle, the Data Federation Hub (DFH) was launched in 2017. The DFH is a platform that links existing UG and UMCG expertise and facilities in the area of research data in order to stimulate and facilitate (international) cooperation between researchers.

National and international cooperation

In 2017, the CIT introduced a policy that aims to establish a more customer-focused approach and better cooperation between University service units. The aim is to provide better services to UG employees and students. Efforts have also been made to improve support for national and international cooperation through close alignment with (and being a visible part of) the national academic IT infrastructure. An example of this is the collaboration with SURFsara in the field of High Performance Computing. By making overcapacity available to each other, users can make optimum use of the combined capacity.

In 2017, the UG entered into a collaboration with Statistics Netherlands (CBS, Centraal Bureau voor de Statistiek) for the realization of the Academic Data Center. CBS staff and UG researchers work together at the Academic Data Center, which means that data from the CBS can be used even more effectively for academic research. Internationally, in October last year the UG extended its partnership with Osaka University and explored the possibilities for further

cooperation on Big Data. This will be elaborated upon in 2018 during a data workshop in Groningen, which will be attended by a Japanese delegation.

IT infrastructure

The IT policy pursued in 2017 will lead to an improvement of the University's primary processes (Education and Research), making the UG more attractive to both potential students and future academic staff. With an excellent IT infrastructure that responds flexibly to user demands, the University is in a better position to respond to society's growing demands, including increased student mobility.

7.6 University Library

The University Library (UB, Universiteitsbibliotheek) is an innovative, professional and service-oriented centre of academic knowledge. Its mission is to enable UG students and staff to access the information they need in the most reliable, efficient and simple way possible. It offers the most up-to-date technologies to increase the availability of information, promote the research conducted at the UG via the research database and store research data, academic work and human knowledge for future generations.

Renovation

In 2017, after almost 4 years, the large-scale renovation of the UB City Centre building on Broerstraat was completed. The last of the Faculty libraries to be relocated was the Behavioural and Social Sciences Library. The collection and staff are now also housed at the UB City Centre, while the former location of the Faculty library in the Heymans Building remains a pick-up point for people to collect requested books.

In June, a festive week celebrated the reopening of the renovated UB City Centre building: a renovated and sustainable building with modern facilities for staff and students. The building now has almost 2200 work stations, all with several power sockets for own devices and chargers. A hyper-modern wireless network ensures that users

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have immediate access to all digital library files, journals and e-books. The study and work environment has been upgraded by making better use of daylight, improving the air quality and rearranging the various types of study areas. The building is also very sustainable, as demonstrated, for example, by hundreds of solar panels on the roof.

The library, which is always busy, especially during exam periods, also offers a quiet workspace for academics: there are several dozen workspaces in the Special Collections research room where material from the repository or the safe can be consulted. Studios are also available specially for academic staff in the old postage stamp building, the corner building above the I Shop.

New website

The University Library's new website went live in February 2017. The decision was made to set up a 'theme portal': a portal within the UG web platform but with its own helpful navigation that more closely matches the wishes of the users. This also enabled including a screen-wide search bar prominently in the layout. The new website presents information in a clear way, is clearer for users and provides faster access to the most important features and core services of the University Library. The new website has almost 85% fewer pages than the previous one, which clearly improves clarity and findability.

Green Open Access policy

The UG and UMCG are committed to making the academic output of their researchers available in open access, mainly via what is known as the 'green route'. This is driven by government policy and the requirements of various research funders, but also by the positive effects on citation scores and impact.

Since 1 January 2017, UG and UMCG researchers have been asked to submit the final author's version of all their peer-reviewed articles to the UG's research database Pure. The University Library and the Central Medical Library (CMB, Centrale Medische Bibliotheek) are responsible for entering the articles into the Pure database and take care of all further

required actions and support. This requires little time and effort on the part of the researchers. To this end, an online form has been added to the University Library website, which takes the author less than 1 minute to complete.

University of Groningen Press

In 2017 a lot of work was done on the University of Groningen Press (UGP) imprint. Open-access electronic journals are published under this title. Through this service, the University Library aims to use its knowledge of digital publishing and hosting digital academic journals and to support editors associated with the UG during the publishing process.

The University Library wants to stimulate open-access publication, so that researchers or interested parties all over the world can find the information and gain access to it without barriers. About 20 journals are currently affiliated with the UGP. The goal for the future is that monographs under this imprint will also be published online.

Digitization of collections

A large number of books from the University Library's collection that do not appear in the collections of other libraries qualify for digitization and digital access by the National Library of the Netherlands. In addition, a number of books from the University Library's collection were selected for digitization by Google.

The more than 35,000 Groningen books will be digitized between 2017 and 2019. Providing free digital access to these titles ensures that they are and will remain usable for everyone.

This digitization project involves two subprojects: Metamorfoze, a national programme to conserve fragile paper heritage. From the University Library's collection 20,000 books will be digitized that were published between 1900 and 1940 in the Netherlands or are written in Dutch and have not yet been digitized elsewhere.

The Google digitization project gives heritage libraries the opportunity to make large parts of their collections (that are

not subject to copyright) available online. For Groningen, this concerns about 15,000 books. The first batch of books to be digitized was transported in October 2017.

Human Subject Research

In 2017 the University and the UMCG launched the Human Subject Research Programme, which strives for a state-of-the-art infrastructure, expertise and advanced tools for storing and editing sensitive and confidential research data from research involving human subjects. The programme supports researchers in collecting, processing, storing and (re)using research data. This is in line with the current vision on research data management, the FAIR data concept and the legal protection of personal data. The University Library and the CIT are jointly responsible for the programme.

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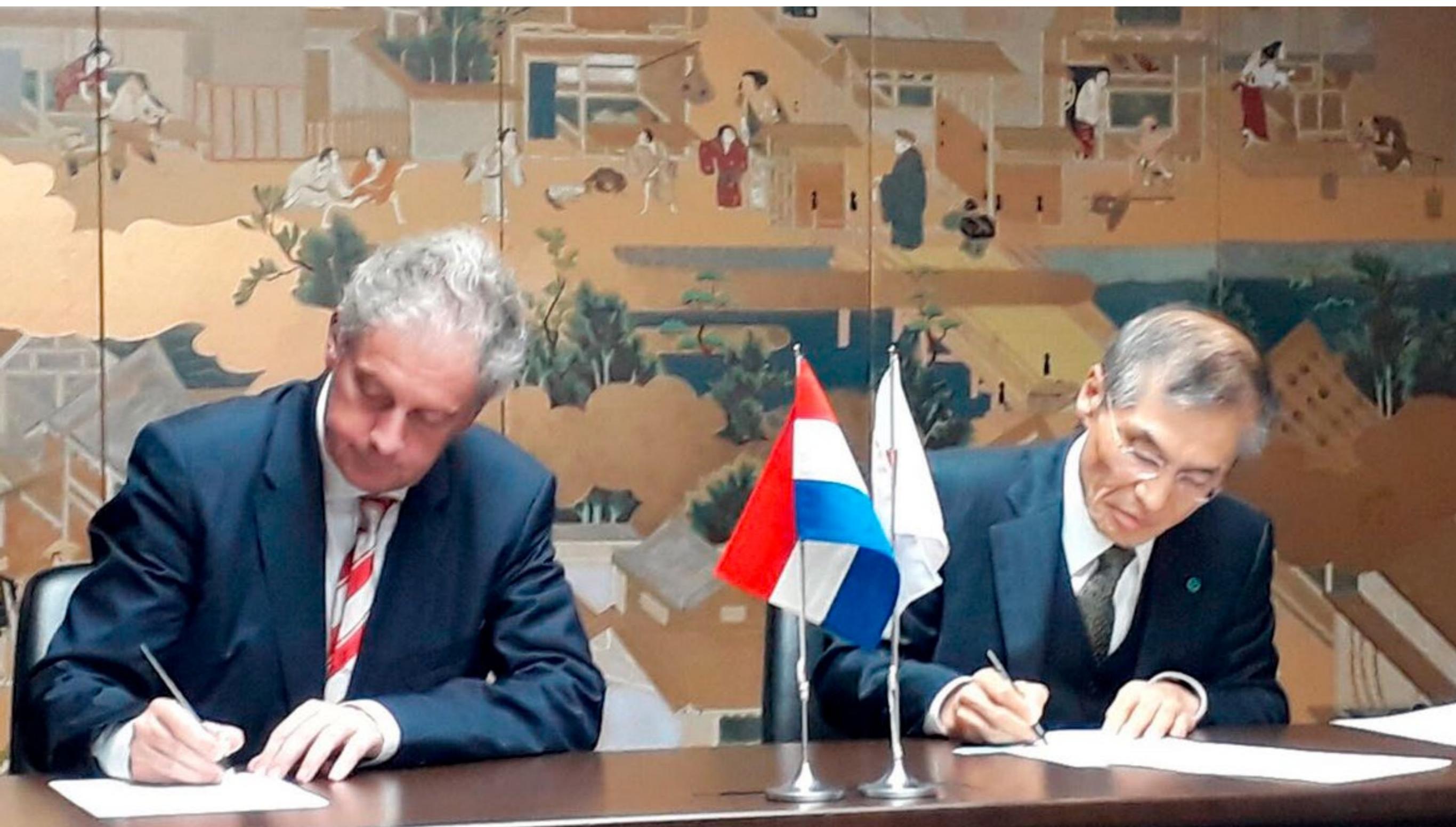
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04 October 2017

Osaka University in Japan and the UG renew their collaboration agreement.

Fotograaf onbekend.

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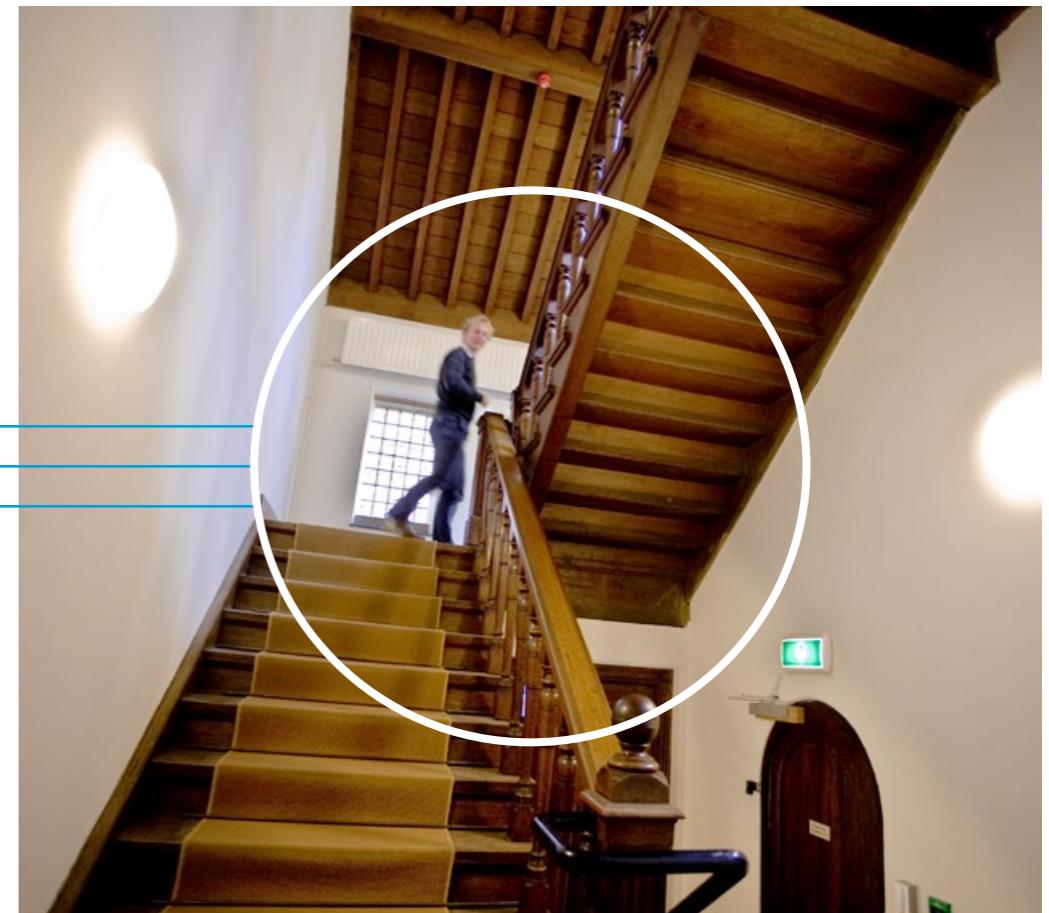
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LIQUID ASSETS
€ 24 million bank account credits
€ 185 million current accounts
€ 66 million deposits
€ 274 million total (rounded up)

GRANTS FROM GRADUATION FUND
€ 1,576,413 total
€ 12,242,20 to students from outside the EEA
€ 1,564,170.80
751 recipients (6 non-EU)

GRANTS FROM EMERGENCY FUND
€ 2,280.17 total
6 recipients



8.1 Corporate Governance

The rules, guidelines and agreements for a straightforward and transparent management and reporting philosophy are set out in the University's Administrative Regulations and elsewhere. These are detailed regulations, complementing the statutory regulations, on aspects such as the official position of the Supervisory Board, the Board of the University and the Faculty Boards. They concern matters relating to

governance and management. The members of both the Supervisory Board and the Board of the University are guided by the Code of Good Governance for Universities drawn up by the Association of Universities in the Netherlands (VSNU, Vereniging van Samenwerkende Nederlandse Universiteiten). The UG complies with this principle-based Code. The way the Code is applied is explained under the various themes in this report. The Supervisory Board and the Board of the University fulfil the statutory roles assigned to them in the planning

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and control cycle. The effects of policy implementation are reflected in the budget, reporting in the annual financial statements and the Management Report. The faculties and service units are responsible for their results and can operate autonomously within the frameworks and guidelines set out by the Board of the University.

Management and control

The University follows a transparent central planning and control cycle, in which the University budget is monitored periodically throughout the reporting year by means of updates and defined periods: the first half-year on the basis of quarterly financial reports, and the second half-year on the basis of monthly and quarterly financial reports at corporate level. This enables the Board of the University to make timely adjustments when necessary. With the same regularity, risks (as well as potential measures) are identified that are not yet reflected in the actual figures.

The University's liquidity position is continuously monitored by means of detailed liquidity planning that is updated every week. In principle, the University continues to fund investments in new buildings and IT from its own resources, in order not to incur external interest charges for which no national funding is received. As a result, the full amount of government funding can be used for the funded tasks of teaching and research. In recent years this has resulted in a long-term equilibrium and a prudent financial policy. Positive annual results are used to save for investments in accommodation, IT and any other policy intensifications the Board of the University deems necessary.

For the University, stable funding from the Ministry and a gradual growth in student numbers are essential. A structural reduction in government funding received will have far-reaching consequences for the University's business operations. Aspects such as reviews, ambitions, positioning and focus play an important role, in addition to the possible continuation of a type of performance funding. Apart from this, the University is becoming increasingly dependent on indirect government funding and income from contract research. In order to minimize the related risks for

continuity of business operations, universities need to maintain reserves.

SODOLA

The UG is the coordinator of three national research schools, namely Mediaeval Studies, Behavioural and Cognitive Neurosciences (BCN), and the Inter-university Centre for Social Science Theory and Methodology (ICS), to which the VSNU-SODOLA Guidelines for the Funding of Research Schools apply. In the case of Mediaeval Studies, sufficient funding was arranged through the DLG-LOGOS agreement. In late 2014, the parties involved concluded that current funding of the other two research schools (ICS and BCN) satisfied the Guidelines for the Funding of Research Schools. This matter has not changed in 2017.

Code of good university governance

The VSNU has introduced a Code of Good Governance. The Supervisory Board and the Board of the University endorse the principles of the Code, which are applied by the UG. The Supervisory Board reinforced its own organization with the appointment of a Finance Audit Committee and a (Teaching) Quality Audit Committee. In late 2017, the Board approved, among other things, the new Uniform Dutch reimbursement rules for members of boards of universities. The new Regulations, initiated by the VSNU, came into force on 1 January 2018.

Every year the VSNU, on the basis of the annual reports and information on the website, monitors the implementation of the Code by the universities.

Letter of Representation

The Board of the University submitted a Letter of Representation to the University auditor at the time of issuing the unqualified report. This provides a check for the external auditor and is therefore documented in the auditor's audit files.

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8.2 Transparency document

The University of Groningen complies with the government policy document on transparent funding of higher education (Notitie 'Helderheid in de bekostiging van het hoger onderwijs'), the purpose of which is to provide funded higher education institutions with clear information on the interpretation and application of current rules for the calculation of funding parameters.

Theme 1 – Outsourcing of degree programmes

The UG does not outsource to private organizations any teaching in degree programmes registered with the CROHO.

Theme 2 – Investment of public funding in private sector activities

The University does not spend any government funding on private sector activities, other than those relating to knowledge transfer and knowledge valorization.

Theme 3 – Granting of exemptions

Exemptions from course units are granted by the Boards of Examiners. Clearly, the reason for granting an exemption must be that the candidate has already acquired the relevant knowledge and experience, either at the University or elsewhere. As far as possible, the Boards of Examiners set out their exemptions policy in advance. It is not possible to obtain exemption from an entire degree programme.

Theme 4 – Funding of foreign students

In the context of internationalization, the UG participates in exchange programmes with various universities in Europe. The University complies fully with the principles of funding regulations in the teaching it provides to Dutch as well as foreign students. Exchanges are based on an agreement and the institutions that participate in and facilitate student exchanges do not charge each other any costs. Dutch students continue to count towards the funding, but foreign students do not.

In 2017 the University awarded funding from the Graduation Fund to 2 non-EEA students as a result of extraordinary

circumstances within the meaning of Article 7.51 of the WHW, to 2 non-EEA students as a result of committee work, and to 4 non-EEA students as a result of participation in consultative bodies. In total, € 12,242.20 was disbursed to non-EEA students from the Graduation Fund.

Theme 5 – Tuition fees not paid by the student

Students have to pay tuition fees to demonstrate that they have the intention of following the degree programme. In a number of cases, students did not pay their own tuition fees. There may be various reasons for this, for instance because the student is in a dire financial position. Legislation allows the possibility that, in some cases, the tuition fees are consequently paid by the educational institute via a special fund or emergency fund. In 2017, the University paid out a total of € 2,280.17 from its Emergency Fund. The maximum allowance in the form of a gift or a loan is € 1,250 per student per year.

Theme 6 – Students following degree programme modules

The University does not offer modules in the form of pre-structured learning routes with separate certificates as part of a CROHO-accredited degree programme.

Theme 7 – Students following a degree programme other than the one for which they are registered

The policy of the University of Groningen is to ensure that students are able to find the degree programme that is right for them as soon as possible. With the exception of electives, it is not possible for students to sit examinations that are part of degree programmes for which they are not registered.

Theme 8 – Funding of tailor-made programmes

At the request of the Saudi Ministry of Higher Education, since the spring of 2007 the University of Groningen and the UMCG have offered students from Saudi-Arabia a special degree programme that qualifies them to provide medical care in their home country. The programme starts with a preparatory year, in which 25 students participated in academic year 2017-2018. This programme is not registered

Graduation Fund 2017

Category	Number	EU Students	Non-EU Students	Total Allocation (in €)	Average Payment (in €)
force majeure	200	198	2	487,568	2,438
committee grants	529	523	6	1,046,012	1,977
exceptional achievements etc.	22	22	0	42,833	1,947
Total allocations	751	743	8	1,576,413	2,099

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with the CROHO. Students who successfully complete the preparatory year may begin the regular CROHO-accredited programme to qualify as physicians or dentists. In September 2017, 25 students were enrolled in the regular Medicine degree programme (approximately 61% of the students who completed the preparatory year in 2016/2017). As these concern non-EU students, their training is not eligible for funding by the Dutch government. In order to finance these programmes, the Saudi participants pay the annual tuition fee that is established by the University, which is € 32,000 per year. These students also pay €32,000 per year for the preparatory year. The students in question receive King Abdullah Scholarships from the Saudi government. The UG does not organize any other tailor-made programmes where a third party – an external organization or company – pays a contribution for tailoring an existing programme.

8.3 Treasury

The Ministry of OCW prepared a new investments, loans and derivatives scheme for educational and research institutes (Regeling beleggen, lenen en derivaten OCW 2016). This Order in Council came into force on 1 July 2016. The new scheme covers management aspects such as the required minimum rating for investments (single A), the way governance of the distribution of powers (tasks, decision-making and supervision) is laid down, and elements with regard to the structure of administrative organization and internal control.

The UG has updated its existing Treasury Rules on the basis of these new Regulations. The new Treasury Rules were established by the Board of the University in July 2016 and approved by the Supervisory Board in September 2016.

The Rules set out the treasury management processes and the financing policy for the Board of the University. They are based on the University's strategic planning for teaching and research as well as the future investments in property, so as to facilitate the process of managing, controlling and monitoring current and future funding streams. The aim is to achieve an optimum return on outstanding investments within the given limits of the risk policy as specified in the Treasury Rules. Incidentally, the University has so far not been faced with interest charges on outstanding funds. The University sets out its policy and principles in the Treasury

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Rules in the form of standard guidelines for investment policy, financing policy, participation in legal entities, and loans to legal entities affiliated to the University of Groningen. Such loans are only allowed in the context of the legal (funded) duty of knowledge valorization Dutch universities are tasked with.

At the end of 2017, the UG had a total of € 274 million in liquid assets, of which approximately € 24 million was held in bank accounts, approximately € 185 million in current accounts and € 66 million in deposits. In 2017, new deposits totalling € 14 million were agreed with the Ministry of Finance. These are explained in the table below.

At the end of 2016, the UG owned € 261.1 million in liquid assets: € 236.0 million as a transaction account held with the State of the Netherlands, and € 25 million in the form of a deposit that was released in November 2017. This latter amount was designated as liquid assets at the end of 2016 as it would mature within 12 months. Furthermore, as of February 2016 the University has had a deposit of € 5 million with a 5-year maturity at its disposal (i.e. it matures in February 2021).

8.4 Top incomes and remuneration

The VSNU negotiates with employer organizations on the conditions of employment for Dutch university staff. Conditions of employment relate to matters such as salary, holidays/leave, pensions and social security. The working conditions agreed with employer organizations are set out in the Collective Labour Agreement for Dutch Universities. Apart from that, the members of the Board of the University are subject to legal assessment under the Dutch Senior Executives in the Public and Semi-Public Sector (Standards for Remuneration) Act (WNT, Wet Normering bezoldiging Topfunctionarissen publieke en semipublieke sector).

In relation to the WNT, the University has the following to report. For the OCW university education sector, the WNT-2 came into effect for all newly appointed senior officials on 1 January 2016, a year later than in the other education sectors. In the year under review, the maximum reference salary for senior and non-senior officials employed by the government, independent governing bodies, other public bodies and semi-public institutions was € 181,000. In 2017, however, a statutory transitional arrangement applied for

TERM	INTEREST	START DATE	END DATE	AMOUNT
7 years	0,15%	25-10-2017	25-10-2024	€ 3,000,000
7 years	0,11%	6-2-2017	6-2-2024	€ 3,000,000
8 years	0,37%	31-1-2017	31-1-2025	€ 3,000,000
9 years 2 days	0,30%	17-1-2017	19-1-2026	€ 5,000,000
				€ 14,000,000

senior officials appointed or reappointed under the WNT-1: the ‘old’ maximum reference salary of € 230,474 will continue to apply for a period not exceeding 4 reporting years, , after which it will be scaled down to the maximum WNT-2 salary threshold within three years. During the year under review, the University had no senior officials whose salary exceeded this sum.

For senior officials with supervisory duties (i.e. members of the Supervisory Board), there is no transitional arrangement, but a maximum salary threshold of 10% of the maximum WNT-2 reference salary for 2017 of € 181,000 applies for members of the Supervisory Board (15% for the Chair). During the year under review, the University had no senior officials with supervisory duties whose salary exceeded this sum.

In 2017, the University had 5 staff members (non-senior officials) whose remuneration exceeded the WNT-2 threshold (€ 181,000). Two cases involved an incidental exceeding of the maximum for non-senior officials due to the inclusion of royalties. The other 3 cases involved exceedances for non-

senior officials due to the commutation of leave hours and/or to a higher gross salary in connection with compensation for the capping of the maximum pensionable salary.

The table with the 2016 and 2017 remuneration of the members of the Board of the University and the Supervisory Board can be found in the Financial Statements appended to this Management Report.

Reimbursement of costs for Board members

In 2017, the VSNU drew up new Uniform Dutch reimbursement rules for members of boards of universities. These new rules were approved by the UG’s Supervisory Board. The new national Reimbursement Rules apply to all universities and came into effect on 1 January 2018.

Reports on the 2017 financial year will still be submitted on the basis of the old reimbursement rules for members of boards of universities, which were adopted by the UG’s Supervisory Board on 20 October 2014. The expense claims below are in accordance with these Reimbursement Rules:

Expenses for members of the Board 2017

	POPPEMA	STERKEN	DE JEU	TOTAL
Representation costs	-	264	-	264
Domestic travel costs	31,432	-	19,262	50,695
NS travel pass, 1st class	-	6,720	-	6,720
Foreign travel costs	1,636	14,827	7,288	23,751
Other	3,648	1,089	1,730	6,467
Total	36,716	22,900	28,280	87,897

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05 October 2017

The KVI-Center for Advanced Radiation Technology (KVI-CART) acquires international funding for experiments with the AGOR particle accelerator.

Photo: Peter van der Sijde

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STAFF (FTE'S)

2019: 6,065*

2018: 6,003*

2017: 5,983

STUDENTS

Year	Total	NL	International
2019	29,347*	23,373*	5,974*
2018	29,304*	23,773*	5,531*
2017	29,702	24,010	5,692*

INCOME (IN €)

2019: 669,974*

2018: 654,709*

2017: 666,453

*prognosis

The purpose of the continuity section is to provide additional information on the intended policy of the governing body of the institution concerned and on the expected consequences of that policy for the financial position of the institution. It provides the Board of the University with an additional instrument for business operations that can serve as the basis for a discussion within the University about the expected effects of external developments combined with chosen policy in the coming years. The continuity section was approved by the Board of the University in December 2017. In this report, the actual figures for 2017 have been added based on the 2017 financial statements.

The continuity section consists of the following elements:

Data set A

- A1. Explanatory notes on student numbers and staffing (FTE)
- A2. Explanatory notes on operating and balance sheet figures and the budget (long-term perspective)

Other reporting B

- B1. Internal risk management and control system
- B2. Risks and uncertainties
- B3. Reporting by the supervisory body

9.1 Explanatory notes on student numbers and staffing (A1)

Student numbers and staffing in 2017 and 2018 are shown as actual and budgeted figures. The long-term projection is based on the University's Strategic Plan for 2016-2020 and the estimates submitted by the faculties. The expectation is that, as of 2019, the number of Dutch students at the UG will slightly drop as a result of demographic trends. In order to continue offering a high-standard and feasible curriculum and first-class facilities, it is important to maintain the number of registered students. Therefore, the University of Groningen opts for further internationalization, so the

number of students from outside the Netherlands will grow and eventually compensate the smaller number of Dutch students. The trend of increasing internationalization of higher education is also reflected in the OCW reference projection for 2017, which, partly due to the considerable rise in the number of foreign students, shows an expected overall annual growth in student numbers of approx. 2% for the university education sector in the long term. In the University's opinion, internationalization is also important for both teaching and research in order to address modern-day issues and challenges from a wide range of perspectives and approaches. The increase in student numbers requires an increase in staffing.

Key figures

STAFF	EXPENDITURE	BUDGET, LONG-TERM PERSPECTIVE				
		2017	2018	2019	2020	2021
Management/Board	469	469	469	469	469	469
O&O support staff	634	654	662	676	690	705
Other support staff	1,352	1,267	1,284	1,312	1,340	1,368
Academic staff	3,528	3,613	3,650	3,714	3,778	3,842
	5,983	6,003	6,065	6,172	6,278	6,384

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STUDENTS	REALIZATION	BUDGET, LONG-TERM PERSPECTIVE				
		2017	2018	2019	2020	2021
International	5,692	5,531	5,974	6,452	6,968	7,525
From the Netherlands	24,010	23,773	23,373	22,973	22,573	22,173
	29,702	29,304	29,347	29,425	29,541	29,698

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The University is also aiming to increase the acquisition of external research funding by 4% per year, in response to the increase of available resources from indirect government funding and funding from contract research. In this case too, additional staffing is required in order to facilitate the growth. The projected increase in staffing is based on 75% of the extra tuition fee revenue and external income, expressed as an average cost per FTE. Staffing is stated as the FTE average in the report year and divided into two categories: academic staff (WP, wetenschappelijk personeel) and support/administrative staff (OBP, ondersteunings- en beheerspersoneel). The OBP category is subdivided into 'Management/boards', 'Teaching/research support' and 'Other'.

9.2 Explanatory notes on operating and balance-sheet figures (A2)

The operating figures for 2017 and 2018 are based on the consolidated actual and budgeted figures, respectively. Since 2011, government funding is divided among the universities based on the scope of three funding variables: the number of registrations, the number of degrees and, for research, the number of PhDs awarded. In addition, each university receives a number of specific contributions and has a fixed formula for funding. The expected increase in the funding variables is not always expected to result in an increase in government funding. In fact, a national distribution model is used, rather than a funding model. Only an increase in the market share will lead to an increase in the amount of government funding a university receives.

Since the performance agreements have been met, it is assumed that the related funding will continue. Continuation of the selective budget is also assumed. In the previous years, the University of Groningen has seen an increase in government funding that was not always (fully) offset by expenses incurred, such as salary and price adjustments. This increase has been taken into account in the long-term projection, and it will be incorporated in the Financial Framework for 2019. As a result, the additional funds will

become available for faculties in order to invest in additional academic staffing. Furthermore, it has been assumed that in 2019 the government contribution will be supplemented with funding under the Student Loans (Higher Education) Act. The total income of the University will increase as tuition fee revenue increases in line with the growth in the number of international students, and as a result of additional external income (see the previous section A1 – Explanatory notes on student numbers and staffing (FTE)).

Staffing costs will begin to rise in 2017 as the University intensifies its policy on teaching and research. For research, this means strengthening the profile of interdisciplinary and other research programmes and encouraging the research institutes to become more entrepreneurial. In terms of teaching, the University is investing in reinforcing the connections between lecturers and students and supporting students to play an active role in their learning process. Additional academic staff will be appointed in order to realize these aims, along with the required support and administrative staff. These investments prior to the allocation of resources in 2018 are in line with the agreements made at national level on the introduction of the Student Loans (Higher Education) Act. Expenditure on staffing will also rise in order to accommodate the expected growth in the number of international students and to facilitate the acquisition of external funding. The increase is estimated at 75% of the additional tuition fee revenue and the external revenues.

Accommodation costs are expected to remain unchanged during the planning period. Depreciation costs will increase as a result of investments in accommodation and IT infrastructure. The University's existing IT facilities are of a high standard. This is essential if we are to achieve our ambitions to excel in research, teaching and valorization. The coming years will see ongoing investment in order to implement new IT developments and assure the high quality of IT services, obviously with the provision of support for staff and students in acquiring the relevant skills.

In the years to come, the University will also invest in sustainable and future-proof accommodation in order to

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ensure an optimum work and study environment. A long-term accommodation plan (LTHP, Lange Termijn Huisvestingsplan) was drawn up for this purpose in 2014, along with the related investment and liquidity plans. This document is updated every year. The financial implications of the LTHP are incorporated in the long-term projection. The main project is the realization of the Feringa Building. The Feringa Building will replace the Nijenborgh 4 facility that is over 50 years old and no longer meets current standards. With the new Feringa Building, the Faculty of Science & Engineering (FSE) will once again be able to provide its staff and students with sustainable, high-tech facilities.

The total investment of the LTHP until 2026 is approx. € 600 million. Most of this investment will take place between 2019 and 2023 (see table below). Investment estimates are based on the expected price level for the year in question. The

University expects to be able to fund all the investment from its own resources.

'Other expenditure' will increase in order to facilitate the expected growth in the number of international students, and to facilitate the acquisition of additional external income. The increase is estimated at 25% of the additional tuition fee revenue and external income. The growth in student numbers and external revenue had a neutral effect on the operating result.

Investment in the quality of teaching and research will result in a negative consolidated operating result for the University in 2017. When, in 2018, the government contribution is supplemented with funding under the Student Loans (Higher Education) Act, a positive operating result will be realized again.

UG liquidity prognosis based on LTHP estimated investments, amounts shown in € millions

	REALIZATION			BUDGET	LONG-TERM PERSPECTIVE						
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Opening balance on liquidity		261	276	249	185	126	115	65	21	32	54
(+) funds added due to debits		36	35	36	36	38	38	37	36	43	41
(-/-) funds taken out due to investments		-23	-58	-104	-100	-54	-94	-87	-32	-27	-38
Result		2	-5	4	4	5	6	6	6	6	6
Liquidity balance	261	276	249	185	126	115	65	21	32	54	63

Balance

	REALIZATION	BUDGET, LONG-TERM PERSPECTIVE				
		2017	2018	2019	2020	2021
INCOME						
Government funding	377,812	384,856	393,843	398,027	407,218	413,406
Other funding	-	-	-	-	-	-
Tuition fees	65,559	62,900	63,444	63,992	64,546	65,104
Third-party assignments	159,868	143,346	149,080	155,043	161,245	167,695
Other income	63,214	63,608	63,608	63,608	63,608	63,608
	666,453	654,709	669,974	680,670	696,616	709,813
EXPENDITURE						
Staff	441,820	452,310	457,018	465,039	476,999	486,897
Accommodation	40,199	42,297	42,297	42,297	42,297	42,297
Debits	35,237	35,287	36,019	36,453	37,937	38,315
Other	135,365	129,384	130,954	132,582	134,271	136,023
	652,621	659,278	666,289	676,372	691,505	703,532
10. Analysis of annual results						
Financial statements	Balance of income and expenditure	13,832	-4,569	3,686	4,298	5,112
Independent auditor's report	Balance of financial operations	1,729	-	-	-	-
Key figures and indicators for education	RESULT	15,561	-4,569	3,686	4,298	5,112
Appendices	of which incidental costs	-	-	-	-	-

Balance sheet

The balance-sheet figures for 2017 and 2018 are also based on the consolidated actual and budgeted figures, respectively. The long-term project for fixed assets is based on the aforementioned LTHP. The policy of the University is that, in principle, investment in tangible fixed assets is financed from internal resources, and that short-term

capital borrowing is acceptable for this purpose. In the long term, the investment in tangible assets is therefore expected to lead to a reduction in liquid assets. In the long-term projection, operating results are added to the general reserve. The 'Special-purpose reserve (public)' provision has been created because the University participates in an experiment with PhD students. Participating students are

guaranteed that – should the experiment end prematurely – they will be employed by the University for the remainder of their PhD programme. Special-purpose funds, provisions and debts are expected to remain at more or less the same level overall.

9.3 Internal risk management and control system (B1)

The University of Groningen has an ambitious Strategic Plan, investing significantly in the quality of education and research and in creating the appropriate conditions. The latter means investing in staff, accommodation and business

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	REALIZATION 2017	BUDGET 2018	LONG-TERM PERSPECTIVE			
			2019	2020	2021	2022
ASSETS						
Fixed assets immaterial assets material assets financial assets	435,807 29,570	461,624 15,498	529,606 15,498	592,861 15,498	608,938 15,498	664,725 15,498
Current assets supplies receivables liquid assets total	364 204,848 276,093 946,682	1,000 74,000 244,939 797,060	1,000 74,000 180,643 800,476	1,000 74,000 121,686 805,044	1,000 74,000 110,720 810,156	1,000 74,000 64,214 816,436
LIABILITIES						
Capital & reserves general reserve special-purpose reserve (public) special-purpose reserve (private) special-purpose funds (public) special-purpose funds (private) total capital & reserves	574,387 26,149 187 1,066 4,131 605,920	524,588 24,669 150 2,000 5,571 556,968	537,549 14,848 150 2,000 6,107 560,654	548,735 7,424 150 2,000 6,642 564,951	558,880 1,856 150 2,000 7,178 570,063	566,481 - 150 2,000 7,713 576,344
Provisions	50,924	45,000	45,000	45,000	45,000	45,000
Debts long-term short-term	289,838	195,093	195,093	195,093	195,093	195,093
	946,682	797,060	800,746	805,044	810,159	816,436



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operations systems, among other things. This is unavoidable in a competitive environment, but it also entails new risks. However, the University is risk-averse when it comes to business operations. In terms of the research strategy, the appetite for risk is greater, as evidenced by a number of large-scale projects such as the Rosalind Franklin Fellows and the Endowed Chairs. The main building blocks of the University's internal risk management and control system are the governance structure, the Strategic Plan for 2015-2020, and the annual planning and control cycle in combination with the financial Strategic Key Figures as established by the Supervisory Board (see Section 9.5).

Risk management at institutional level was fleshed out further in 2017. The internal budget and accounting guidelines already required faculties and services to report periodically on risks and the management thereof. Following on from this, in 2017 the initiative was taken at institutional level to carry out a structured inventory of all organization-wide risks. A project has been launched to develop a UG-specific model for risk identification and risk classification. An external agency is supervising this project. The project should lead to a risk profile for the University, including management choices regarding risk appetite and a UG-wide risk management tool.

The UG governance structure is described in detail in the Administrative Regulations. The University relies on a governance model of decentralized comprehensive management. The Faculty Boards are mandated with duties and powers relating to teaching, research and operations. The University's strategic course is laid down in its Strategic Plan for 2015-2020. In order to ensure that the strategic goals are achieved in cohesion, a central fact sheet has been prepared in consultation with the Faculty Boards, supplemented with faculty-specific Quality Indicators (QIs). The QIs that have been formulated are derived as directly as possible from the University's strategic course, and their development is discussed twice a year between the Board of the University and the Faculty Boards.

Planning & control cycle

The University links its strategy and activities in research, teaching and valorization to the deployment of resources by means of a planning and control cycle. The Board determines the financial planning and control cycle on an annual basis. This is part of the University's PDCA cycle. The planning and control cycle specifies how, and according to which principles, frameworks and formats, the budget will be drawn up and adopted in a long-term perspective.

The cycle also specifies how and in what format the faculties and units will provide quarterly information to the Board of the University on results and changes to the outlook. This information includes notable developments that may have occurred, the risks they foresee and any related measures or activities that have been planned or implemented. These reports are discussed twice a year (or more often if necessary) by the Board of the University, the Faculty Boards and the management of the service units, in the context of fulfilling the agreements and realizing the ambitions with regard to research, teaching and societal impact.

Organizational structure

In managing the risks, the University of Groningen relies on a chain of four organizational links. Operational line management is the first link. The second link is formed by central as well as decentral controllers setting up and monitoring internal controls. The third link relates to the – independent – internal audit department, which assesses the role of the first and second links. The fourth and final link is formed by the external accountant. In addition to governance and the planning and control cycle, the University has rules and procedures in place aimed at identifying and mitigating the risks, and at achieving its strategic goals – naturally with due observance of the applicable laws and regulations. Structured spend analyses for the purpose of legitimate procurement are an example of such a procedure. The University has an Audit Charter as well as Treasury Rules that comply with the investments, loans and derivatives scheme for educational and research institutes (Regeling beleggen, lenen en derivaten OCW 2016).

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In 2016, the programme Optimale Bedrijfsvoering 2020 [Optimum Operations – 2020] was prepared in order to improve the business operations systems in the HR, Finances and Facilities domains. The crux of this programme is the rationalization and further development of the application landscape of business operations systems. Its aim is for the University to support the business operations systems and the information facilities related to them with integrated applications by 2020. This should tie in with the UG principles and the frameworks for operations and social and technological trends and developments.

Integrity programme

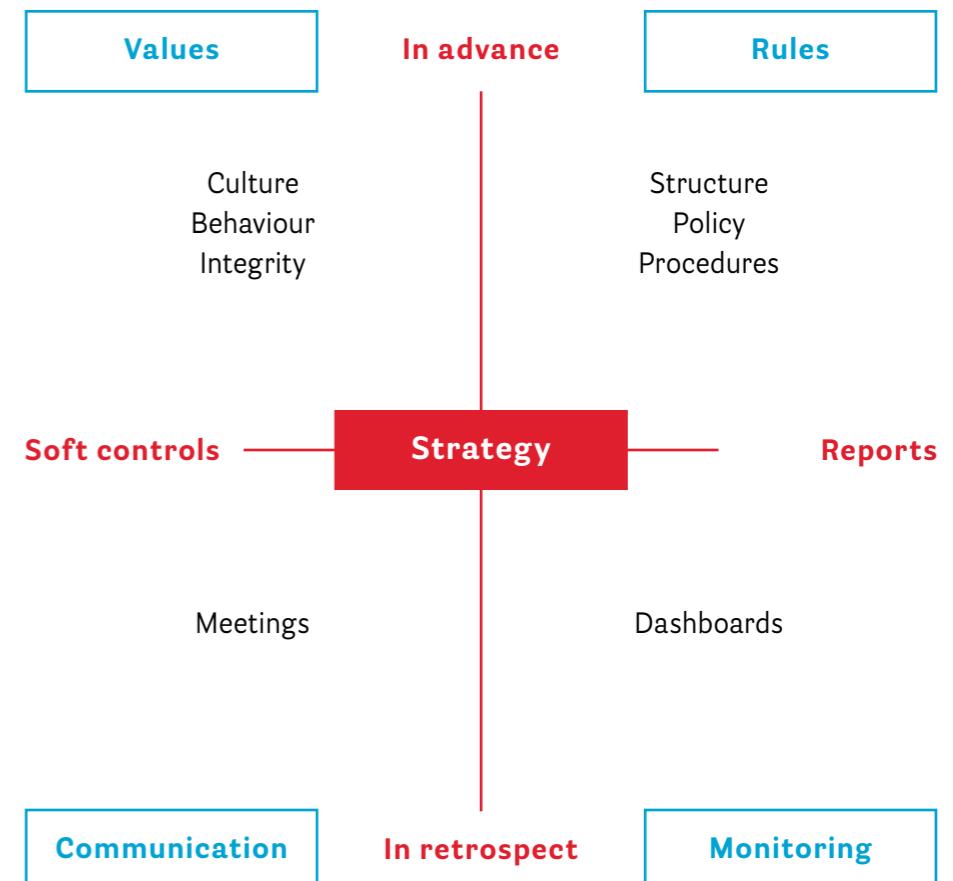
Risk management goes beyond complying with regulations and implementing hard controls. The behaviour of people is crucial for effective risk management. Therefore, the University of Groningen wants to foster a culture in which integrity underlies all actions, mistakes are admitted and discussed, and employees hold one another accountable. To this end, last year the University started an integrity programme targeted at all academic and support staff, board members and managers. The programme led to the adoption of a Code of Conduct in 2017 and a start was made on embedding the programme in the regular processes.

The procedure for issuing the Letter of Representation (LOR) was also further deepened in 2017. Each unit has already issued an Internal Management Statement (IBV, Interne Bedrijfsvoeringsverklaring) in support of the Board. The Board issues the LOR partly on the basis of the IBVs received. In 2017, it was specified for the various units which steps the Board or management can take in order to be able to declare that the financial statements have been prepared correctly and give a true and fair account of the position of the unit.

Further structuring

In recent years, the UG has addressed the concept of risk management in various forms and manifestations. In late 2017, the Supervisory Board expressed its wish to embed risk management in a more structured manner, with an emphasis on practical implementation. A Steering Committee will be appointed for this purpose in 2018.

The internal risk management and control framework described above is shown in the diagram below, which distinguishes between hard and soft controls, and between ex-ante and ex-post controls.



9.4 Risks and uncertainties (B2)

The following is an overview of the most important current and structural themes that the UG Board devotes attention to due to possible risks, including the measures taken to limit these risks. If applicable, this also includes a description of the impact in the past financial year and, if possible, the future effects have been quantified.

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THEMES	LABEL	UNCERTAINTY AND RISKS	MEASURES
Renewal of business operations systems	Current	<p>At the UG, there has always been a clear separation between Facility Services, HR and Finance. This is reflected in the way operational management systems are structured within the University. Today's issues, however, require a cross-domain approach. The University therefore aims to improve cooperation between the domains, supported by the implementation of a cross-domain management system. A Steering Committee has been appointed for this task. The transition period to a new system is not without risks.</p>	Intensive administrative involvement by the Board of the University during the transition period and when making decisions regarding the cross-domain approach. Monitoring and decision-making by the Board of the University.
Long-term Accommodation Plan (LTHP)	Current	<p>The University has drawn up an ambitious long-term accommodation plan. The total estimated investment for the period until the end of 2027 is € 533 million. This entails risks for the size of the investments, the University's liquidity position and future operating costs.</p>	The investment plan is a guiding framework that is updated annually, whereby the link with the liquidity position and future operating costs is established. Implementation of each aspect of the plan is subject to individual scrutiny by the Board of the University. Projects are monitored in terms of their cost, lead time, scope and quality. The Board of the University will be informed every three months (or more often if necessary) about the progress.
Research funding	Current	<p>Factors include ad hoc cutbacks by the government, but also a shift in the allocation of research funding in favour of the Top Sectors, the development in research funding by the EU and the number of organizations that can apply for this. These factors have an impact on higher education and academic research. The University's reduced ability to attract contract-research activities also poses a risk. The impact of all these factors could mean that the projected annual growth of 4% (+/- € 7 million) in external revenues (teaching/research for third parties) will not be realized.</p>	The developments in external revenues and the contract portfolio are monitored and reported to the Board every quarter, or as often as necessary. The financial risk in the short term is limited, as lower research revenues are proportionally offset by lower research expenses. The long-term risks are greater because this could affect the position of the University, nationally as well as internationally. If developments are identified promptly, timely measures can be taken.

	Offer, quality and sustainable employability of employees	Current	Sufficient and high-quality personnel are essential for the continued success of the UG and for the achievement of its strategic objectives. However, there is a lot of competition on the labour market. The inability to attract or retain talented academic staff entails major risks for the UG's market position in both teaching and research. This theme also touches upon the risk of excessive work pressure, which could lead to long-term absenteeism.	The UG invests in a number of programmes to attract and retain talented WP. These include, for example, the Dual Career Support project for partners of talented WP, the Rosalind Franklin programme for talented female WP and the Young Academy Groningen for talented young WP. With regard to the workload, the UG will be investing heavily in extra WP in the coming years, from its own reserves and through the use of studievoorschotmiddelen.
	Finance & Control	Current	As a result of trends in society, the frequency and thoroughness of financial accountability are being intensified. In order to improve quality and reduce vulnerability, in 2015 the University's administrative processes were combined and aligned in a Financial Shared Service Centre (FSSC). Improving quality is a gradual process, and reorganization comes with a risk that knowledge and experience may be (temporarily) lost, which in turn may affect the quality of information provision regarding planning and control.	The new organization is continuously monitored by management. Where necessary, measures are being taken in the supervision and facilitation of support staff in their new roles. Functional guidelines for work processes, supported and assured with digital tools, are being refined. Additional temporary staff are deployed as necessary.
	Earthquakes	Current	The first aspect is the safety of staff and students in the University's buildings. The second aspect is the financial implications of alterations that might have to be made to existing buildings, and of the additional investments required for new buildings as a result of stricter construction standards. If earthquakes become a structural problem in the city as well as the region of Groningen, the continuity of operations is at risk, and the image of the University could suffer as well.	The University has appointed a project manager to coordinate the various matters relating to the risk of earthquakes. These efforts are geared towards limiting the risk to an acceptable level. So far, the first projects have been completed successfully, with NAM reimbursing a proportion of the costs. The government has adopted a new gas extraction plan which contains measures to structurally reduce the seismic threat.
	Branch Campus	Current	The University is currently establishing a branch campus in Friesland. The subsidy period for Campus Fryslân will end in 2024. If the anticipated inflow of students (around 1,000) in the period from 2025 to 2030 lags behind, the University will run a financial risk of approx. € 6 million on the expected annual operating costs. In early 2018 it became clear that the University Council would not agree to the proposal to be submitted to the Minister for a branch campus in Yantai, China. For this reason, the Board decided to withdraw this proposal.	By investing in a strong curriculum and profile for Campus Fryslân, the University is making it more attractive to students. In addition, the front end of the registration process will be properly monitored, enabling timely detection and adjustment of any setbacks.
	Integrity	Current	Integrity is essential for confidence in the University and the science it conducts. Integrity violations entail a risk of financial damage and of long-term reputational damage.	The UG has an integrity programme, aimed at both the support staff and academic staff. The programme devotes attention to cultural aspects as well as to procedures and the way the organization is set up. It contains interactive elements, such as workshops and training sessions.

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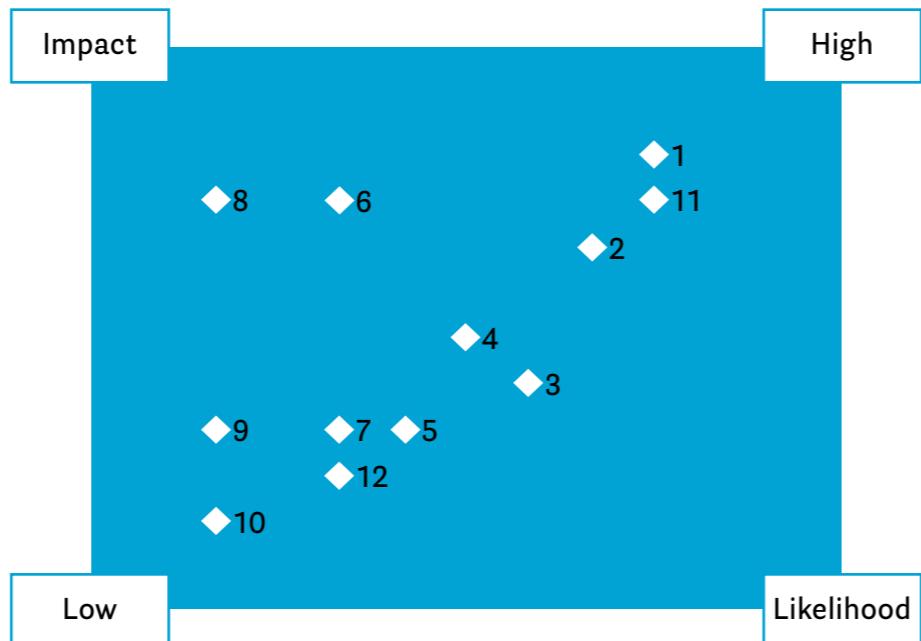
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Privacy legislation	Current	In May 2018, the new Data Protection Act comes into force, which places a heavy administrative burden on the administrative processes within the UG. Failure to comply with the new legislation can result in financial penalties and damage the UG's image as an employer and public party.	As early as 2016, the UG appointed a central Data Protection Officer, who coordinates the activities across the units. Each unit has a privacy and security coordinator, who is responsible for raising awareness and creating a register for the processing of personal data. Active internal audits will be carried out in 2018.
Reputational damage	Current	The rise of social media and other modern means of communication means that news can spread quickly and uncontrollably. New phenomena such as fake news and sensationalism in journalism make a public organization such as the UG vulnerable to reputational damage. Such reports may be based on substantive issues, as described above for other themes, but also on misconceptions.	In addition to the University's own active communication policy, the UG's Communications department monitors reports on the University in social and other media and responds if necessary.
Government policy and funding	Structural	Government policy on higher education is changeable. These changes outpace the lead time for the measures required to realize the new ambitions, such as new performance agreements. This may frustrate the University's own plans. Apart from that, for a number of strategic choices the University is dependent upon the government in its capacity as legislator. Delays in or changes to, for instance, laws that enable transnational education or the PhD Scholarship Programme entail risks for the University. As regards government funding, the University has identified risks in the possible reorganization within the macro framework following the coalition agreement, the possible cancellation of the resources for Sustainable Humanities (€ 1.9 million) and the dropping rates in the parameter compartment (+/- € 13 million). There is also a risk that current and future resources will be specifically earmarked so they can no longer be freely allocated.	Against the background of continuously shifting government policy, the University – and with it the faculties – has laid down its own ambitions in the Strategic Plan for 2015-2020. In close consultation with consultative participation bodies, a new balance will be sought between the pluralism desired and the required positioning of the University as a whole. Information regarding issues whose developments in legislation are relevant to the University is regularly exchanged with the government. If developments are identified promptly, timely measures can be taken. Insidious cutbacks, the increasing cost of meeting statutory obligations and the fact that wage and price developments are only partly compensated (or not at all) are being offset by more efficient and effective organization of the activities that support the primary process in particular. The University is sufficiently resilient to temporarily accommodate any financial setbacks.
Student numbers	Structural	The University of Groningen is – and will remain – an attractive university for students because it offers a range of high-standard, feasible degree programmes and excellent facilities. In order to continue offering these programmes and facilities, it is important to maintain the number of registered students. As a result of demographic trends in the north of the Netherlands, the number of Dutch first-year students will continue to decrease. It is also noted that the universities in the Randstad conurbation are attracting students in the Master's phase, mainly because of assumptions regarding career prospects in that region.	As well as investing in improving the profile of its Master's programmes, the University is seeking to become a global university. In order to achieve this aim, the University is actively recruiting foreign students and staff.

The degree to which control measures have been taken is based on a risk assessment analysing the likelihood a risk will occur and the impact any consequences will have. The outcome of this risk assessment is represented visually in the diagram below.



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9.5 Reporting by the supervisory body (B3)

In accordance with statutory requirements, the Supervisory Board serves as the supervisory body of the UG. The Board of the University requires approval from the Supervisory Board for its Strategic Plan, the Annual Report and the Annual Financial Statements. The Board of the University keeps the Supervisory Board informed of the most important developments and matters at the University. The members of the Supervisory Board are appointed by the Minister of Education, Culture and Science.

The Board met 6 times in 2017. The themes of internationalization, quality assurance, integrity, business operations and real estate were discussed. The UG's Annual Financial Statement for 2016 and the UG's Management Report for 2016 were approved by the Supervisory Board on

26 June 2017. On 18 December 2017, the Board approved the Institutional Budget for 2018 (long-term perspective). For the other subjects discussed by the Supervisory Board in 2017, please see the Supervisory Board's report, which is included at the beginning of the Management Report for 2017.

Part of the preparatory work took place in both audit committees. The Finance Audit Committee met 4 times, the (Teaching) Quality Audit Committee met twice. The (Teaching) Quality Audit Committee was initially appointed in 2017. The Supervisory Board is of the opinion that the principle of independence was respected in the performance of its duties during the year under review.

Continuity section

In order to increase administrative efficiency in the education sector, the Minister for Education, Culture and Science has stipulated that annual reports must now include a new continuity section. The added value of this measure is that it anchors a management process in the organization whereby major developments can be quickly identified and their implications for the University's results and capital situation can be clearly assessed. The Supervisory Board's discussions on these matters with the Board of the University are an important part of this process.

Strategic Key Figures

In 2014, the Audit Committee of the Supervisory Board requested the main financial Strategic Key Figures. These key figures are part of the monitoring, analysis and decision-making processes. In this regard, it is important that developments in the target values are considered over an extended period and are compared to the average figures for Dutch universities.

1. Solvability

The University's solvability (equity / total equity) is relatively high. Capital borrowing may be necessary for a limited period (2023-2024) for the implementation of the long-term accommodation plan. This would then result in a small drop in the solvability ratio. The minimum ratio is based on the current average for the higher education sector.

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FINANCIAL	DUTCH UNIVERSITIES	UG								TARGET
		2016	2016	2017	2018	2019	2020	2021	2022	
solvability	0.49	0.62	0.64	0.70	0.70	0.70	0.70	0.71	0.71	>0.50
liquidity	1.02	1.49	1.66	1.64	1.31	1.01	0.95	0.70	0.70	>0.50
profitability	2.0%	2.5%	2.3%	-0.7%	0.6%	0.6%	0.7%	0.9%	0%<>3%	
resilience	53.1%	85.2%	90.9%	85.1%	83.7%	83.0%	81.8%	81.2%	81.2%	>50%
contract income	26.8%	24.7%	24.0%	21.9%	22.3%	22.8%	23.1%	23.6%	23.6%	>30%
accommodation costs	13.9%	11.3%	11.6%	11.8%	11.8%	11.6%	11.6%	11.5%	11.5%	<14%

2. Liquidity

The University's liquidity ratio (current assets / short-term capital borrowing) is also relatively high. The University will fund a substantial proportion of the activities in the aforementioned accommodation plan from its own resources. The lower liquidity limit is € 30 million (approximately equivalent to one month's salary payments). As a result of the investments in accommodation, the liquidity ratio will fall to around 0.50 in the period 2023-2024 and then increase again. This will not be a problem, given the funding options available to the University.

3. Profitability

Profitability is defined here as the result from ordinary activities / total income from ordinary activities * 100%. A – small – positive operating result (between 0% and 3%) is necessary to ensure the continuity of the organization. An incidentally high operating result requires explanation, and a structurally high operating surplus is undesirable from a societal point of view. With 2.3%, the operating result in 2017 was within the margins.

4. Resilience

The University's resilience ratio (equity / total income * 100%) is currently relatively high. This key figure indicates that there is scope for investing in new developments. The ratio was set at 15% for the faculties and service units, based on their risk

profile. The minimum ratio for the University as a whole is 50% (the sector average).

5. Contract income

The long-term budget is based on an estimated growth of 4% per year in contract revenue. On that basis, the target for contract revenue has been set at at least 30% of the University's total revenues. The share of contract revenue in 2017 dropped from 25% to 24%, so below the target the University had set for itself. Attention is being given to this.

6. Accommodation costs

This ratio includes accommodation costs as well as depreciation costs. The depreciation costs relate to investments in buildings, fitting-out and equipment. The University's accommodation costs are currently relatively low. As a result of the qualitative improvements that will be realized with the implementation of the long-term accommodation plan, accommodation costs are expected to remain below 14% (the sector average).

Conclusion

Both the financial position of the UG in 2017 and its long-term perspective are positive. The main risks to which the University is exposed have been identified and have been brought to the attention of the administration.



14-15 October 2017

Zpannend Zernike science festival for young and old is held in the centre of Groningen and on the Zernike Campus.

Photo: Marcel Spanjer

10. Annual Results

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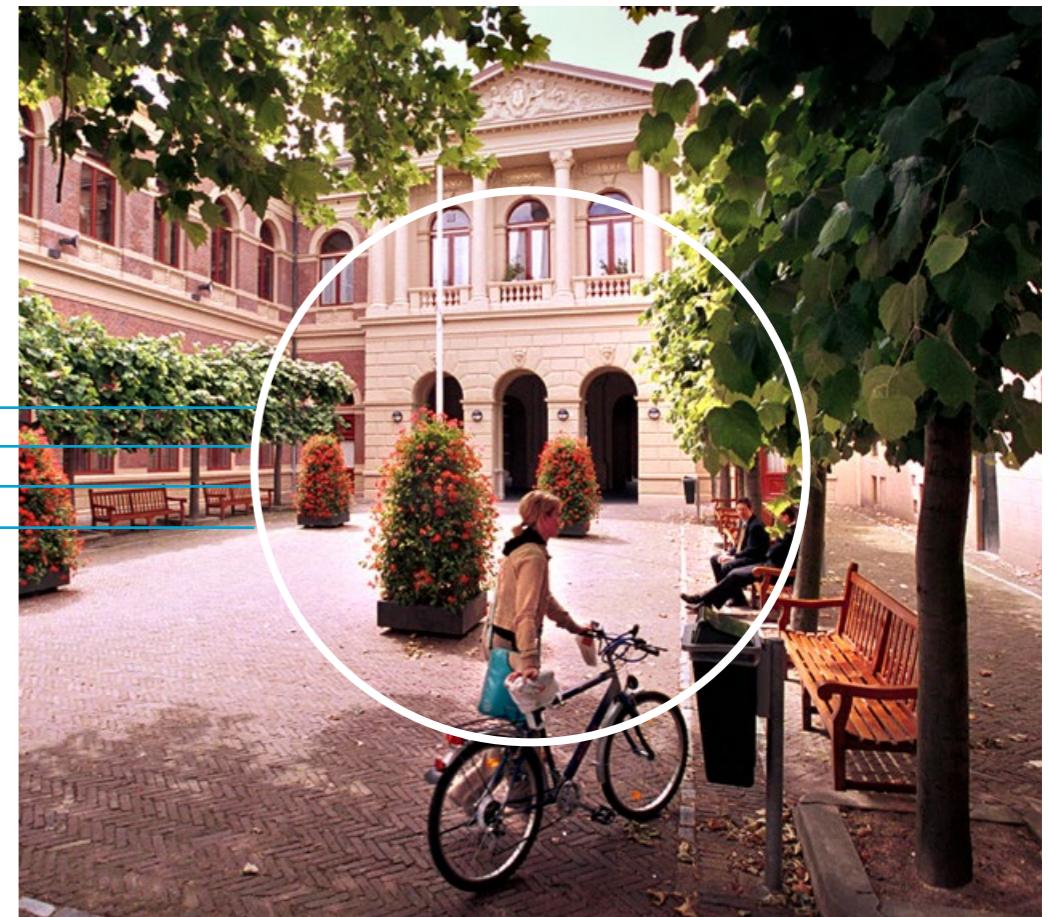
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CONSOLIDATED RESULT
2017: € 15.6 mln
2016: € 7.3 mln
GOVERNMENT FUNDING
2017: € 377.8 mln
2016: € 364.7 mln
TUITION FEES
2017: € 65.6 mln
2016: € 61.6 mln
WORK FOR THIRD PARTIES
2017: € 159.9 mln
2016: € 151.8 mln



10.1 Analysis

The consolidated result for 2017 is € 15.6 million. (2016: € 7.3 million). When related to the result, the margin on turnover is 2.3%. This falls within the norm formulated as a steering indicator for the result at institutional level (between 0 and 3% of the turnover). The 2017 budget listed a result of -€ 7.5 million. This means that there was a positive discrepancy of € 22.9 million.

The main explanation for this higher result is the substantially higher results at a number of faculties due to new internal guidelines for rounding off and managing projects. In doing so, the UG further implements the Guidelines for Annual Reporting (in particular Guideline 221 and Guideline 274). On this basis, not only are the results of projects completed in 2017 included in the full-year figures, but the interim results of projects have been included in line with the percentage of completion method. Where these project results related to



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the years before 2017, the comparable figures for 2016 and the starting balance of the UG for 2016 have been adjusted.

With a view to the results in 2017, the Faculty Boards of three faculties with the largest deviations were asked to draw up an improvement plan. This plan forms part of the first quarterly report for 2018. The implementation and effects of this plan must then be reported on in the 2018 quarterly reports in accordance with the PDCA principles.

Compliance with the guidelines for project management and evaluation not only has an impact on the result, but also results in a further increase in reserves at a number of faculties. Faculties with a high reserve surplus (total reserve / total income > 15%) were asked to indicate in the first quarterly report of 2018 how and within what timeframe the faculty itself would use this surplus. If it becomes apparent over time that the measures taken by the faculties themselves will not or not sufficiently lead to a reduction in the surplus, the Board of the University will take further measures.

The main reasons for this higher result are outlined below.

Income

As far as government funding is concerned, the stabilization budgeted for 2017 was not achieved. Compared to 2016 (€ 364.7 million), the government contribution (excluding the contribution for the UMCG as a place of work) increased by € 13.1 million to € 377.8 million. The increase was the result of student volume resources received in 2017 (€ 4.5 million), wage adjustment (€ 6.1 million) and price adjustments (€ 1.8 million). In addition, € 0.7 million in grants for a specific purpose was received from the Ministry of Education, Culture and Science in connection with the INO project.

The University received € 6.3 million more in tuition fees than budgeted. It was estimated that € 59.3 million would be received in tuition fees, whereas the actual figure was € 65.6 million. (2016: € 61.6 million) The higher amount is explained by the fact that the number of students enrolled increased in 2017 and, in addition, the tuition fees rose slightly.

In accordance with the budget, interest income amounted to € 0.6 million in 2017, in line with the expectation regarding the development of interest rates. In 2016, this income amounted to € 0.9 million.

The income arising from work for third parties was € 16.8 million higher than budgeted (€ 159.9 million). (2016: € 151.8 million). The higher income is partly due to the new internal guidelines for rounding off and managing projects, but the UG also won more third-party-funded projects in 2017. Turnover from projects financed by the EU, national governments and non-profit organizations increased compared to 2016 and grew faster than expected in the budget. Revenue from projects financed by NWO was € 4.3 million lower, at € 38.2 million. Compared to the final figures in 2016, however, revenue from these projects financed through indirect government funding increased by € 3.8 million. We saw the same trend at the companies. Turnover rose by € 5 million compared to 2016, but the budget was not achieved (-€ 3.3 million).

Faculty turnover on contract teaching was € 2.8 million higher than budgeted, but nevertheless fell by € 2.4 million compared to 2016. The same applied to other income arising from projects for third parties, which mainly related to the transactions between the UMCG O&O and the top technological institutes. The budget was more than achieved, but compared to 2016, there was a decrease of € 5.8 million. Other income was € 6.5 million lower than budgeted at € 63.2 million (2016: € 71.8 million). Income from conferences, courses and symposia was lower, as was income from business services. The same can be said of transactions and settlements between the UMCG's Teaching & Research sector and third parties and/or contract partners (including the Care sector).

Expenses

In 2017, the staffing level was at 5991.1 FTE (-11.5 FTE), almost in line with the budget. This is reflected in the wages and salaries, pension premiums and social security charges (+ € 2.2 million), also almost in line with the budget. The increase in expenses is mainly due to the incidental salary

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component and the differences in expenses between the various categories of personnel. However, the wage increase as per the Collective Labour Agreement, the further increase in pension contributions and the increase in FTE resulted in an increase in personnel costs of € 15.7 million compared to 2016. The number of professors, associate professors and assistant professors in particular increased within the academic staff, while the number of other categories decreased. The number of PhD students employed by the University fell by 26.3 FTE. This decrease is a result of the PhD Scholarship Programme Experiment. The number of PhD scholarship students (including those who brought their own funding) rose to 515 in 2017 (2016: 158). Based on these figures, it can be established that there is no crowding-out of PhD candidates with an appointment by PhD scholarship students. On balance, the number of academic staff remained virtually unchanged in 2017, while the number of support staff increased.

Compared to the budget, other personnel expenses increased by € 4.9 million to € 26.4 million. The increase is almost entirely due to the change in the various personnel provisions.

On balance, the total amount of other expenses came to € 3.5 million more than budgeted at € 135.4 million (2016: € 133.8). The increase in expenses was mainly due to higher depreciation charges on tangible fixed assets and lower additions to other provisions, housing costs and other remaining expenses not budgeted for.

10.2 Major developments

In 2017, developments with a (potential) major financial impact on the University included the preparations for the Yantai branch campus and the real estate investment projects. Plans for the branch campus were developed in 2017. In early 2018, however, it transpired that the University Council would not support the proposal to the Minister to offer a number of complete UG degree programmes in Yantai. The Board of the University therefore decided not to submit the proposal.

The University has an ambitious long-term accommodation plan and is about to take a number of major investment decisions. This concerns in particular the tendering process for the Feringa Building and the development of the Healthy Ageing campus. Due to the impact of these investments, developments in the construction market and the associated risks, management of the real estate process has been strengthened.



02 November 2017

UG takes ownership of the former Beursgebouw in Leeuwarden as a base for Campus Fryslân.

Pfoto: Jaap Schaaf

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Consolidated financial statements 2017

Amounts x € 1,000

A.1.1 Consolidated balance sheet as at 31 December 2017

(after allocation of result)

	ASSETS		LIABILITIES	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Fixed assets			2.1 Equity	
1.1.2 Tangible fixed assets			General reserve	574387.3
Buildings and premises	364681.2	334688.0	Allocated reserves (public)	26149.0
Inventories and equipment	41857.0	33756.3	Allocated reserves (private)	186.6
In progress and prepayments	29268.8	84283.6	Allocated funding (public)	1065.4
	<hr/> 435807.0	<hr/> 452727.9	Allocated funding (private)	4131.1
1.1.3 Financial fixed assets			Total equity	605919.5
Other participating interests	6655.8	6745.5		591247.2
Securities	19000.0	5000.0		
Other receivables	3914.4	3752.0	Borrowed capital	
	<hr/> 29570.2	<hr/> 15497.5	2.2 Provisions	50924.2
Total fixed assets	465377.2	468225.4	2.4 Short-term liabilities	289838.4
Current assets			Borrowed capital – total	340762.6
1.2.1 Inventories	363.5	366.8		256029.8
1.2.2 Receivables	204847.9	163008.6		301413.2
1.2.4 Liquid assets	276093.4	261059.6		
Current assets – total	<hr/> 481304.8	<hr/> 424435.0		
	<hr/> 946682.0	<hr/> 892660.4		
				946682.0
				892660.4

A.1.2 Consolidated statement of income and expenditure for 2017
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		Account 2017	Budget 2017	Account 2016
	3 Income			
	3.1 Government funding	377811.7	363720.8	364729.3
	3.2 Government funding / grants other governments	0.0	0.0	0.0
	3.3 Statutory lecture / course / exam fees	65559.0	59300.0	61604.5
	3.4 Income from work commissioned by third parties	159868.5	143111.7	151813.4
	3.5 Other income	63214.1	69675.2	71767.6
		666453.3	635807.7	649914.8
	4 Expenditure			
	4.1 Staffing costs	441819.7	434790.8	436820.5
	4.2 Depreciation	35237.1	33937.2	32897.8
	4.3 Accommodation expenses	40199.1	43273.9	40220.1
	4.4 Other expenditure	135364.8	131882.8	133848.9
		652620.7	643884.7	643787.3
	Net income and expenditure	13832.6	-8077.0	6127.5
	6 Financial income and expenditure			
	6.1 Interest income	631.6	600.0	914.8
	6.2 Interest expenditure	0.0	0.0	0.0
	Net financial income and expenditure	631.6	600.0	914.8
	8 Income from participations			
	Result	1096.8	0.0	232.5
		15561.0	-7477.0	7274.8

Explanatory notes

The consolidated result for 2017 amounted to € 15.6 million. The margin on turnover is 2.3%. This falls within the margins that were set as target figures for the result at institutional level (between 0 and 3 per cent of turnover).

A result of -€ 7.5 million was budgeted for 2017. This means a positive deviation of (€ 22.9 million).

The main explanation for the higher result is the substantially higher result at a number of faculties due to new internal guidelines for project closure and management. On this basis, not only are the results of projects completed in 2017 included in the full-year figures, but the interim results of projects have also been included in line with the percentage of completion method. Where these project results related to the years before 2017, the comparable figures for 2016 and the opening balance sheet of the UG for 2016 have been adjusted.

Additional reasons for the higher result include the higher income from higher government funding, higher tuition fee income and an increase in contract research projects. On balance, the expenditures did not rise much. The direct staffing costs mainly increased due to the incidental salary component and shifts within the various personnel categories. Other expenditures that saw an increase included the high depreciation costs and allocations to other provisions.

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A.1.3 Consolidated cash flow statement for 2017
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	2017	2016
Cash flows from operating activities		
Net income and expenditure	13832.6	6127.5
Adjustments for:		
1.1.2 - Depreciation	35236.7	32897.8
2.2 - Mutations in provisions	<u>5540.8</u>	<u>8161.8</u>
Mutations in current assets:		
1.2.1 - Inventories	3.3	300.3
1.2.2 - Receivables	-43044.4	1833.7
1.2.2.2 - Receivables from OCW/EZ	1205.1	0.0
2.4 - Short-term debts	<u>33806.3</u>	<u>7947.8</u>
Cash flow from business operations	<u>-8029.7</u>	<u>10081.8</u>
6.1 Interest received	631.6	914.8
6.2 Interest paid	<u>0.0</u>	<u>0.0</u>
Total cash flow from operating activities	<u>631.6</u>	<u>914.8</u>
	47212.0	58183.7
Cash flow from investment activities		
1.1.2 Investments in tangible fixed assets *	-18318.3	-53063.9
1.1.2 Disinvestments in tangible fixed assets	0.0	0.0
1.1.3.1 (Dis)investments in participating interests	409.6	0.0
1.1.3.4 Loan mutations	-162.4	-1065.3
1.1.3.7 Other investments in fixed financial assets	<u>-14107.1</u>	<u>20395.1</u>
Total cash flow from investment activities	<u>-32178.2</u>	<u>-33734.1</u>
Cash flow from financing activities		
2.3 New loans	0.0	0.0
2.3 Repayment of long-term debts	<u>0.0</u>	<u>0.0</u>
Total cash flow from financing activities	<u>0.0</u>	<u>0.0</u>
Mutation in liquid assets	<u>15033.8</u>	<u>24449.6</u>
The changes in cash funds are as follows:		
Balance as at 1 January	261059.6	236610.0
Mutation financial year	<u>15033.8</u>	<u>24449.6</u>
Balance as at 31 December	<u>276093.4</u>	<u>261059.6</u>

* Gross investments amounted to € 32 million, after deduction of received investment grants in the amount of € 14.2 million.

A.1.4 Explanatory notes to the consolidated balance sheet

1. General notes

General

The explanatory notes and accounting principles below apply to both the consolidated and non-consolidated financial statements.

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Activities

The statutory tasks of the University of Groningen (UG) consist in providing initial education, conducting basic research and valorizing knowledge. The UG is a legal entity under Public Law ensuing from the Dutch Higher Education and Research Act (Wet op het Hoger onderwijs en Wetenschappelijk onderzoek, or WhW). The UG's address (registered office) is at Broerstraat 5, NL-9712 CP Groningen and the UG is listed in the Dutch Trade Register under Chamber of Commerce number 01179037.

Reporting period

These financial statements were drawn up on 28/06/2018 and are based on a reporting period of one calendar year.

Continuity

These financial statements were prepared on the assumption of continuity of operations.

Error corrections

Tuition fees

In accordance with the memorandum on balance-sheet recognition of tuition fees for higher education (HO) of the accounting regulations for educational institutions (Regeling jaarverslaggeving onderwijs, or RJO), the presentation of the tuition fees has been adjusted.

On the balance sheet date, a receivable will be included only for any unpaid tuition fees in the period September through December 2017.

In the event that the tuition fees have been fully paid in advance, this will be treated as a yet to be fulfilled performance commitment in the period January through August 2018.

Previously, a receivable was included for the entire remaining academic year with a counterpart entry 'tuition fees received in advance'.

The difference on the balance sheet between the old and the new tuition fee recognition concerns a € 15,000,000 lower receivable and lower item 'tuition fees received in advance'.

Project valuation

The term 'Projects' refers to two types of distinct projects:

- subsidized projects: these are research projects financed by a subsidy provider on which, in principle, no financial returns are achieved;
- projects commissioned by third parties: these are commercial projects that are commissioned mostly by the business sector and have a financial return target.

Up to and including 2017, not all staffing costs were allocated to subsidized projects in the administration. This results in a positive profit in the year in which a particular project is completed, i.e. the coverage from the subsidy for the expenditures that were not allocated to the project in the administration.

In previous years, these unallocated expenditures have been accounted for in the regular operating expenditures and thus as an annual charge in the financial statements.

Furthermore, up to and including the 2016 financial statements, in the recognition of project (i.e. both subsidized projects and projects commissioned by third parties) profits for the relevant financial year, insufficient account was taken of projects that would be completed in the years after the relevant financial year.

The results on projects were therefore not recognized according to the 'percentage of completion method', which is stipulated in the accounting policies in the financial statements.

The above two errors have been corrected in the 2017 financial statements, which also specify the effect on the 2016 financial statements (balance sheet and operations) and previous financial statements (via the 2016 opening balance sheet).

The following table shows the effect on the operating balance of the 2016 financial statements:

	Financial statements item	Description	Financial statements 2016 before error corrections	Financial statements 2016 after error corrections	Difference
7. Facilities	3.4.1	Contract teaching	7,044,200	7,044,200	0
8. Governance	3.4.2.1	Int. Org.-EU	25,802,900	24,886,266	-916,634
9. Continuity section	3.4.2.2	National public authorities	31,913,500	30,392,894	-1,520,606
10. Analysis of annual results	3.4.2.3	NWO	34,903,100	34,383,157	-519,943
	3.4.2.4	Royal Netherlands Academy of Arts and Sciences (KNAW)	498,400	561,017	62,617
Financial statements	3.4.2.5	Other non-profit organisations	18,751,400	18,890,247	138,847
	3.4.2.6	Companies	18,491,200	17,873,540	-617,660
Independent auditor's report	3.4.5	Other income from work commissioned by third parties	25,624,900	18,014,530	-7,610,370
Key figures and indicators for education	Total 3.4 Income from work commissioned by third parties		163,029,600	152,045,851	-10,983,749
Appendices	4.1.2.1	mutation in staffing provisions	-6,724,800	-5,680,800	1,044,000
	Total projects + provision:		156,304,800	146,365,051	-9,939,749

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The table below shows the effect on the operations of the 2015 financial statements and earlier:

Financial statements item	Description	Effect on 2015 and earlier		
3.4.2.1	Int. Org.-EU	4,784,539		
3.4.2.2	National governments	5,534,950		
3.4.2.3	NWO	1,807,773		
3.4.2.4	Royal Netherlands Academy of Arts and Sciences (KNAW)	3,771		
3.4.2.5	Other non-profit organizations	1,432,298		
3.4.2.6	Companies	14,733,967		
3.4.5	Other income from work commissioned by third parties	7,443,772		
Total 3.4 Income from work commissioned by third parties		35,741,069		
4.1.2.1	mutation in staffing provisions	1,862,305		
Total projects + provisions:		37,603,374		
In the comparative figures for 2016 in the 2017 financial statements, the corresponding balance sheet items have also been adjusted accordingly, see the Table below:				
	2016 Financial statements before error corrections	Error corrections in opening balance sheet	Error corrections via 2016 operations	2016 Financial statements after error corrections
2.1	Equity	563,583,600	37,603,374	-9,939,749
1.2.2.7	Receivables from students	15,203,100	-15,203,100	0
2.4.13	Tuition fees received in advance	44,683,000	-15,203,100	0
1.2.2.10	Accrued income	57,131,200	8,092,918	-4,017,340
2.4.7	Work in progress > instalments	-1,451,000	-4,979,307	2,963,597
2.4.7	Work in progress > instalments	23,154,600	-16,056,588	2,826,679
2.4.16	Amounts received in advance	134,240,600	-6,612,256	1,176,133
2.2.1.3	WGA provision	4,798,300	-1,862,305	-1,044,000
				1,891,995

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Provision for own risk under the WGA scheme

In drawing up the financial statements for 2017, it has been established that up to and including the 2016 financial statements, the calculation of the WGA provision was based on incomplete information.

Up to and including the 2016 financial statements, the provision had been overstated. This had several reasons:

- the employees were included for 100% in the provision whereas they had been partially transferred to other positions and;
- the provision was calculated on the basis of the higher wage-related benefit ('Loongerelateerde uitkering', or LGU) over the entire benefit period, whereas the lower follow-up benefit ('Vervolguitkering', or VVU) had been applicable.

As a result, at year-end 2016, the provision was overstated by k€ 2,906 in the financial statements. Of this amount, k€ 1,044 relates to 2016 and k€ 1,862 to previous years.

Revisions to accounting estimates

Anniversary provision

With effect from financial year 2017, the anniversary provision is valued at nominal value.

Previously, this was done at present value.

Given the low discount rate, the difference in outcome between both calculation methods is around € 100,000. The quantitative effect on future periods is recognized in the profit and loss account of those future periods. At a constant discount rate, the effect will be approximately the same as the difference in 2017.

Leave saving

In the financial statements 2017, the calculation of the various leave-saving provisions is based on the individual salary of the employees concerned.

In previous years, this was based on the maximum of the relevant salary scale. This has resulted in a release of approximately € 300,000 in 2017.

The quantitative effect on future periods is recognized in the profit and loss account of those future periods, which is expected to be approximately equal to the effect in 2017.

Environmental provision

In the financial statements 2017, the calculation of the environmental provision is based on (visual) asbestos examinations of the buildings. These examinations were carried out by a specialized external agency. Based on these examinations, the agency made an estimate per building of the expected clean-up costs.

In previous years, the level of the provision was premised on own desk research and based on the construction period, the volume of the asbestos-containing materials, and multiplying this by experiential values. This resulted in a total allocation of approx. € 450,000 in 2017; the fluctuations are greater at object level.

The quantitative effect on future periods cannot be determined due to the variety of objects.

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Reservation for UMCG O&O holidays

Until 1 January 2017, the reservation for holidays at UMCG O&O was determined on the basis of a spot check and the 'average hourly rate'-method. With effect from 2017, the reservation for holidays is determined on the basis of a more extensive spot check and the actual hourly rate. As a result of this new estimation method, the reservation for holidays has decreased by approx. € 4.6 million. The effect on the current period (31 December 2017) has been recognized in the profit and loss account; the effect on future periods will be recognized in the profit and loss account of those future periods. The positive effect of the change in estimation method on the result for the 2017 financial year amounts to approximately € 4.6 million. It cannot be determined with retroactive effect what the positions at year-end 2016 and earlier would have been if this method had been used.

Currency

The financial statements have been prepared in euro; the amounts in the financial statements are presented in thousands of euro, unless stated otherwise. Expenditure and income in foreign currencies are converted at the exchange rate on the transaction date.

Administrative cooperation with the UMCG

On 1 January 2007, the Faculty of Medical Sciences and the Academic Hospital Groningen merged to become the University Medical Center Groningen (UMCG). The administrative cooperation and coordination between the Board of Directors of the UMCG and the Board of the University of Groningen takes place in the Joint Policy Body (Gemeenschappelijk Beleidsorgaan, or GBO), consisting of the chairman of the Board of the University, the dean of the faculty and the chairman of the Board of Directors.

The final responsibility for academic teaching and research lies with the Board of the University of Groningen.

In accordance with RJ 660.603, the operating balance figures relating to the Education & Research sector are included in full in the statement of income and expenditure. The balance sheet includes the items fixed assets, equity, provisions and work in progress. Counterpart is the current account under the item receivables or short-term debts.

Consolidation

The consolidation includes the financial data of the institution, its group companies and other institutions on which it has a controlling interest (on the basis of the actual situation) or conducts the central management.

Group companies are legal entities in which the institution has a controlling interest, directly or indirectly, by having the majority of the voting rights or by being able to control the financial and operating activities.

Intercompany transactions, intercompany profits and mutual receivables and debts between the legal entities included in the consolidation are eliminated to the extent that the results have not been realized through transactions with third parties outside the UG.

Unrealized losses on intercompany transactions are also eliminated unless there is an impairment.

The accounting principles of legal entities included in the consolidation have been amended where necessary in order to comply with accounting principles applied for the University of Groningen.

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Since the statement of income and expenditure of the institution has been included in the consolidated financial statements, the non-consolidated financial statements are accompanied by a summary of the statement of income and expenditure in accordance with Section 402, Book 2, of the Netherlands Civil Code.

Group relationships

The UG is at the head of the group of companies/institutions listed below. The following companies/institutions are included in the consolidation:

- Applied NanoSystems B.V. in Groningen (100%)
- RUG Houdstermaatschappij B.V. in Groningen (100%)
- Stichting Academische Opleidingen Groningen in Groningen (100%)
- Stichting University Guesthouse Groningen in Groningen (100%)

A copy of the financial statements of the above companies/institutions may be obtained from the companies/institutions themselves.

A number of participations have not been consolidated, because they are individually and collectively of negligible significance.

In 2017, the participation UOCG Market B.V. was sold to RUG Houdstermaatschappij B.V. No other divestments or acquisitions took place.

At the time of drawing up the financial statements, the Stichting University Guesthouse Groningen was in suspension of payment. In the consolidated financial statements, the book value of the tangible fixed assets has been written down to € 0. The University of Groningen is not liable for the current rental agreement.

Related parties

All legal entities over which dominant control, joint control or significant influence can be exercised, are designated as related parties. Legal entities that have a controlling interest are also considered to be related parties.

Significant transactions with related parties are explained to the extent that they have not been entered into under normal market conditions.

In such case, the nature and scope of the transaction is explained, as well as other information required to gain insight.

Explanatory notes on the cash flow statement

The cash flow statement has been prepared using the indirect method. The cash funds in the cash flow statement consist of the liquid assets, with the exception of deposits not available on demand (> 3 months). Receipts and expenditure of interest and received dividends are included in the cash flow from operating activities. These (dis)investments in tangible fixed assets and in financial fixed assets have been recognized as receipts and cash outflows from investment activities.

For the part relating to the redemption, the payments of the long-term liabilities have been recognized as cash outflows from financing activities, and for the part relating to the interest as cash outflows from operating activities.

Estimates

The preparation of the financial statements requires the Board of the University to make judgements, estimates and assumptions that influence the application of accounting principles and the reported value of assets and liabilities, and of income and expenditure. The actual results may differ from these estimates. The estimates and underlying assumptions are constantly being reviewed. Revisions to estimates are recognized in the period in which the estimate is revised and in future periods for which the revision has consequences.

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2. Accounting policies for the valuation of assets and liabilities

The consolidated financial statements have been prepared in accordance with the statutory provisions of Part 9 of Book 2 of the Netherlands Civil Code and the authoritative statements in the financial reporting guidelines issued by the Dutch Accounting Standards Board (in particular, RJ 660 Educational Institutions).

The provisions and guidelines are applicable pursuant to the Annual Reporting Regulations for the Educational Sector.

Assets and liabilities are generally valued at the acquisition price or manufacturing price, or the market value. If no specific valuation principle is specified, valuation takes place at nominal value.

An asset is recognized in the balance sheet when it is probable that future economic benefits will accrue to the University of Groningen and the value of the asset can be reliably determined. A liability is recognized in the balance sheet when it is probable that the settlement thereof will be accompanied by an outflow of resources that entail economic benefits, the monetary equivalent of which can be reliably determined.

An asset or liability recognized in the balance sheet will remain on the balance sheet if a transaction (in respect of the asset or liability) does not lead to a significant change in the economic reality with respect to the asset or liability.

If a transaction results in the transfer to a third party of virtually all or all future economic benefits and virtually all or all risks relating to an asset or liability, the asset or liability will no longer be recognized in the balance sheet. Furthermore, assets and liabilities are no longer included in the balance sheet from the date on which the conditions of probability of the future economic benefits and/or reliability of the determination of the value are no longer met.

Comparison with preceding year

The accounting policies have not changed compared with the preceding year.

For the purpose of clarity of the financial statements, some reclassifications have been implemented.

Tangible fixed assets

Buildings, premises, tangible fixed assets under construction and inventory & equipment are valued at the acquisition price or manufacturing price after deduction of straight-line depreciation over the estimated future useful life. Premises are not depreciated. Account is taken of an impairment or residual value that is expected on the balance sheet date. If there is an impairment in any financial year, this will be explained in the context of the balance sheet item concerned. If there are indications of such an impairment, the recoverable value of the asset will be determined.

If it is not possible to determine the recoverable value for the individual asset, then the recoverable value of the cash-generating unit to which the asset belongs will be determined. An impairment loss is recognized directly as an expenditure in the statement of income and expenditure through a simultaneous reduction of the book value of the asset concerned.

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Depreciation has been calculated on the basis of the following principles:

Buildings

shell	: depreciation in 60 years
front / interior finishing / installations	: depreciation in 30 years
electronics / technical installations	: depreciation in 15 years
specific investments	: depreciation on the basis of useful life

Premises

construction costs of sports grounds	: nil
other facilities on the premises	: depreciation in 10 years

Inventory

Inventory and equipment	: depreciation in 3 to 10 years
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The first depreciation will take place in the month following the purchase of the property. In the case of new buildings or renovations, the first depreciation will take place after completion.

The buildings and premises are valued at acquisition price less depreciation. The inventory and equipment are valued at the acquisition price less depreciation.

Depreciation is taken on the basis of the following method:

- inventory etc. with an acquisition value of less than k€ 5 per piece is fully recognized in the statement of income and expenditure.
- inventory etc. with an acquisition value of more than k€ 5 per piece is depreciated over the expected useful life, with a maximum of 10 years.

Depreciation is taken in monthly instalments, which start in the month following the month of purchase.

The costs of major maintenance are taken directly in the statement of income and expenditure.

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Operating lease

The UG may have lease contracts whereby the full or a large part of the advantages and disadvantages associated with ownership are not enjoyed or suffered by the UG.

These lease contracts are recognized as operating leases. Lease payments are recognized on a straight-line basis in the statement of income and expenditure over the term of the contract, taking into account payments received from the lessor.

Financial fixed assets

Participations

The net asset value is calculated according to the accounting principles that apply to these financial statements; for participations with regard to which insufficient information is available for adjustment to these accounting principles, the accounting principles of the relevant participation is taken as a basis.

Participations in which significant influence can be exercised on the business and financial policy, are valued according to the equity method on the basis of the net asset value. If the valuation of a participation is negative according to the net asset value, it is valued at nil. If and insofar as the UG fully or partially guarantees the debts of the participation or has the firm intention to enable the participation to pay its debts, a provision will be made.

Participations in which no significant influence is exercised are valued at purchase price. If there is an impairment loss, valuation takes place at the recoverable value.

Significant transactions with related parties are explained to the extent that they have not been entered into under normal market conditions. In such case, the nature and scope of the transaction will be explained, as well as other information required to gain insight.

Other receivables (loans to third parties)

The other receivables included under financial fixed assets comprise loans granted to third parties and are initially valued at their fair value and are subsequently valued at amortized cost minus the required provision for doubtful debts.

Securities

The receivables belonging to financial fixed assets, whether or not in respect of loans, are initially recognized at amortized cost after the first valuation. If there are no premiums or discounts and transaction costs, the amortized cost price is equal to the redemption value of the receivables.

With regard to possible downward value adjustments, Section 387, Book 2, paragraph 4 of the Netherlands Civil Code applies. This write-off of receivables is charged to the profit and loss account. The write-off is reversed as soon as the downward value adjustment has ceased to exist. Write-offs and write-backs are included separately in the profit and loss account or in the explanatory notes (Section 387, Book 2, paragraph 5 of the Netherlands Civil Code).

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Inventories

The inventories are valued at acquisition price using the FIFO method or the lower realizable value. The realizable value is the estimated selling price less directly attributable selling costs. Valuations will take into account any obsolescence of inventories.

Work in progress

Work in progress pertains to projects executed on behalf of third parties that were not completed on the balance-sheet date.

The amount for work in progress has been valued at the directly allocated costs for labour and materials, with a surcharge for indirect staffing costs.

Any declared instalments/advances received are deducted from the balance of work in progress.

Realization of profit on projects financed by third parties is determined according to the 'percentage of completion method' or PoC method.

Expected losses are recognized in the statement of income and expenditure as soon as they are known. In practice, it was not feasible for UMCG O&O to determine the result for each individual project. As a result, UMCG O&O has opted for an approach which takes into account the historical returns per flow of funds/financier. These returns were the starting point for the realized result on work in progress for 2017.

Receivables

The receivables are stated initially at the fair value of the consideration. After initial recognition, receivables are valued at nominal value. The difference with the valuation at amortized cost is explained in the explanatory notes.

Provisions for non-collectability are deducted from the book value of the receivable.

Liquid assets

The liquid assets consist of cash, bank balances and call deposits (<3 months). Liquid assets are valued at nominal value.

Impairment

On each balance sheet date, the institution assesses whether there are indications that a fixed asset may be subject to an impairment.

If there are indications of such an impairment, the recoverable value of the asset will be determined. If it is not possible to determine the recoverable value for the individual asset, then the recoverable value of the cash-generating unit to which the asset belongs will be determined.

An impairment exists if the book value of an asset is higher than the recoverable value; the recoverable value is the higher of an asset's net selling price and its value in use.

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Capital and reserves

The equity consists of general reserves and allocated reserves and funds. This includes a breakdown into public and private resources. Allocated reserves are reserves with a more limited spending option, with the restriction imposed by the Board of the University. Allocated funds are reserves with a more limited spending option, with the restriction imposed by third parties.

Allocated reserves (public)

The allocated public reserve has been built up for the ongoing experiment with the PhD Scholarship Programme.

Allocated reserves (private)

The private reserves are shown under the private allocated reserve.

Allocated funds (public)

The funds under management are shown under the public allocated funds. These resources were made available to the UG with the intention of spending them within the framework of a specific objective.

Allocated funds (private)

The cumulative growth of the equity of the group companies is shown under the private allocated funds. An overview of this has been included under Model E. The non-consolidated financial statements do not include the cumulative growth of the equity of the two foundations that qualify as group companies.

Provisions

Provisions are valued at the nominal value of the expenditure that is expected to be necessary to settle the liabilities as at the balance sheet date. A provision is recognized in the balance sheet when there is a legally enforceable or actual liability resulting from an event in the past, of which a reliable estimate can be made and where it is probable that an outflow of funds will be required to settle that liability.

Unemployment contributions

The university bears the risk of redundancy pay liabilities.

The provision for unemployment benefits is formed at the individual level for the future liabilities on the balance sheet date to former employees to whom the university has an obligation to provide redundancy pay. The provision is calculated on the basis of statements from third parties. The level of the provision is based on the actual expenditure of the past year. Indirectly, this takes into account the employability of those concerned. The provision also takes into account the period of time that the UG incurs risks with regard to the benefit payments. The mutation in the provision is recorded under the item 'other staffing expenses'.

Restructuring provision

The restructuring provision is formed at the individual level to cover the costs that are directly related to restructuring. The UG will make provision if a formalized restructuring plan is present on the balance sheet date and the restructuring will be carried out. The mutation in the provision is recorded under the item 'other staffing expenses'.

Own risk under the WGA scheme

The provision for the own risk under the WGA scheme has been created for the liabilities arising from the own-risk bearership with regard to the WGA (Resumption of work by those who are partially incapacitated for work) scheme, falling under the Work and Income according to Labor Capacity Act (WIA). The provision has been created at individual level for employees who receive a WGA-benefit at the end of the financial year. When determining the level of the provision, account was taken of the reassignment percentage and the declining benefit payments after the initial wage-related benefit. The provision also takes into account the period of time that the UG incurs risks with regard to the benefit payments. The mutation in the provision is recorded under the item 'other staffing expenses'.

Own-risk bearer ZW-flex

With effect from 1 January 2015, the UG will be own-risk bearer for the ZW-flex premium. As a result, the UG will itself bear the associated expenditure for new entrants. A provision has been created for this in the financial statements. The provision is determined on the basis of the data of the individual participants over the term that the UG incurs risks with regard to the benefit payments. The provision for own-risk bearer ZW-flex is part of the provision for own risk under the WGA scheme. The mutation in the provision is recorded under the item 'other staffing expenses'.

Staff with a long-term incapacity for work

At individual level, the UG has created a provision for liabilities existing at the balance sheet date to continue paying remunerations to employees in the future who are expected to remain fully or partially incapable of performing work due to illness or incapacity for work on the balance sheet date.

Contributions from other parties have not been taken into account. The mutation in the provision is recorded under the item 'other staffing expenses'.

Anniversary provision

The anniversary provision is recognized at nominal value and is based on the average actual expenditure, at group level.

The provision is calculated on the basis of a time horizon of 10 years.

The calculation of this provision does not take into account continuation and mortality probabilities. The mutation in the provision is recorded under the item 'other staffing expenses'.

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Leave saving scheme

In the period from 2007 through 2012, employees aged 50 and older had the option of saving up to 120 hours per year for the purpose of gradually reducing their working hours in the period prior to their retirement (leave saving scheme 50+).

With effect from 2013, employees have the option to save up to 72 extra holiday hours each year for a minimum of 3 and a maximum of 5 years, in addition to their regular holiday hours, to be used for a long-term, consecutive holiday period (multi-year savings model).

The UG has created a provision for the concomitant replacement costs (staffing).

The provision is determined on the basis of the data of the individual participants (duration and salary expenses).

The UG's employment conditions state that up to and including 2004, employees were allowed, under certain conditions, to save their 'ADV' days (short-time working arrangements) in order to be able to take them in case of premature resignation. In case of premature resignation, the salary will continue to be paid and the replacement of the employee concerned will have to be arranged by the relevant units. The Financial Statements include a provision for leave saving in order to accommodate the financial commitments resulting from this. The mutation in the provision is recorded under the item 'other staffing expenses'.

Transition provision

With effect from 1 January 2018, the UG is obliged under the Collective Labour Agreement (CAO) to pay a transition allowance.

In the financial statements for 2017, a provision has been created for this.

The provision has been created at the individual level for employees with a temporary contract, taking into account the possibility of a renewal of the contract.

A provision has been created for the remuneration to be paid, in proportion to the years of service at the end of the financial year. The mutation in the provision is recorded under the item 'other staffing expenses'.

Environmental risk

The 'Environmental risk' provision was created for the obligations resulting from the current legal duty to remove environmental pollutants (i.e. asbestos) present in buildings. The calculation of the environmental provision is based on (visual) asbestos examinations of the buildings. These examinations were carried out by a specialized external agency. Based on these examinations, the agency made an estimate per building of the expected clean-up costs.

The mutation in the provision is recorded under the item 'other expenses'.

Project provision

The UMCG O&O has created a provision for expected losses on ongoing projects. The expected losses on work in progress are immediately recognized in the profit and loss account. The amount of the loss will be determined irrespective of whether the project has already started, and if yes, the stage of completion of the project or the amount of profit that is expected on other, non-related projects.

Other provisions

The other provisions are recorded at the nominal value of the expenditures and liabilities necessary for the settlement of the provision.

If a contract has been concluded involving a negative difference between the performance to be received after the balance sheet date and the contract performance to be performed by the service provider after the balance sheet date, a provision will be created for this negative difference. In calculating the provision, the unavoidable costs have been taken into account.

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Debts

Debts are stated at fair value when they are first recognized. Transaction costs that are directly attributable to the acquisition of debts, are included in the valuation at first recognition. Debts are valued at amortized cost after first recognition.

As a general rule, the amortized cost price is equal to the book value of the asset minus repayments on the principal and increased or decreased by the cumulative amortization of the difference between the amount on first recognition (including transaction costs) and the repayment amount, determined on the basis of the effective interest rate method.

3. Principles for the determination of the result

General

Income and expenditure have been allocated to the financial year they pertain to. Profits have only been included insofar as they were realized at the balance-sheet date.

Losses and risks whose origin predates the end of the financial year have been taken into account if they came to be known before the financial statements were drawn up.

Turnover

The recognition of revenues from the provision of services takes place pro rata to the performance, based on the services provided up to the balance sheet date in relation to the total services to be provided.

Government grants

Government funding is recognized as income in the statement of income and expenditure in the financial year to which the funding pertains.

Tuition fees

Received tuition fees are attributed to the financial year to which they pertain, assuming that regular teaching and research tasks are spread evenly over the academic year.

Subsidies

Grants (funding) are recognized as income in the statement of income and expenditure in the financial year in which the funded costs were incurred; in case of a deficit in a funded project, the deficit is spread over the lifetime of the project (matching).

Royalties

Royalties are recognized in the profit and loss account according to the allocation principle in accordance with the content of the agreement, provided the royalty amounts are determinable and it is probable that they will be received.

Interest

Interest income is recognized time proportionally in the profit and loss account, taking into account the effective interest rate of the relevant asset item, provided the amounts are determinable and it is probable that the income will be received.

Expenditure**Staffing costs**

Pursuant to the employment conditions, salaries and social security contributions (including pension payments) are recognized in the statement of income and expenditure insofar as they are owed to employees.

Pensions

The University of Groningen has a pension scheme with the Stichting Bedrijfspensioenfonds ABP. The provisions of the Dutch Pensions Act apply to this pension scheme and contributions are paid by the University of Groningen on a compulsory or contractual basis. The ABP uses the average salary as a pensionable salary basis. The ABP tries to increase pensions each year by the average wage increase in the government and education sectors.

If the coverage ratio is lower than 105%, no indexation will take place. The premiums are recognized as staff expenses as soon as they are due.

Prepaid premiums are recognized as accruals and deferred expenditure if it results in a repayment or a reduction of future payments.

Premiums yet unpaid are recognized as a liability on the balance sheet.

The coverage ratio of Stichting Bedrijfspensioenfonds ABP amounts to 104.4% as at 31 December 2017. The ABP's financial position as at 31/12/2017 has been assessed as inadequate by De Nederlandsche Bank. The coverage ratio should be at least 128%. The ABP is required to submit a plan to De Nederlandsche Bank to restore the coverage ratio. In January 2018, the ABP's coverage ratio stood at 106.7%.

The premiums due for the current financial year, are recognized as expenditure in the statement of income and expenditure. If the payable premium has not yet been paid, it is recognized as a liability on the balance sheet. The premiums are recognized as staff expenses as soon as they are due. Prepaid premiums are recognized as accruals and deferred expenditure if it results in a repayment or a reduction of future payments. Premiums yet unpaid are recognized as a liability on the balance sheet.

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Depreciation

Tangible fixed assets are depreciated over the expected future useful life of the asset from the time when they are first put to use.

If there is a change in the estimated future useful life, the future depreciations will be adjusted. Premises are not depreciated. Account is taken of a residual value or revisions to accounting estimates that are expected on the balance sheet date. A change in the life of an asset occurs when an asset is put out of use prematurely. Book profits and losses are recognized in the year of realization.

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More than 90% of the UG's core activities consist of funded educational and research activities, and these activities are financed for more than 70% through public funds, statutory tuition fees, or tuition fees or contributions from charities for which no (or a marginal) contractual consideration is required. The UG therefore complies with the activities and funding requirements and is therefore eligible for the exemption from corporation tax. This exemption has been applied in the financial statements.

Financial income and expenditure***Interest income and interest expenditure***

Interest income and interest expenses are recognized time proportionally, taking into account the effective interest rate of the assets and liabilities concerned.

When processing the interest expenses, account is taken of the recognized transaction costs on the loans received.

Dividends

Dividends to be received from participations are recognized as soon as the UG has acquired the right to them.

4. Financial instruments and risk management

The UG does not use financial (trading) instruments within its operations other than the regular debtors and creditors.

The UG is not exposed to financial risks such as:

price risks when valuing securities (financial fixed assets)

forward exchange contracts

concentration of interest, credit and cash flow risks with outstanding trade receivables

bank credit facilities

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ASSETS
FIXED ASSETS
1.1.2 Tangible fixed assets

	1.1.2.1 Buildings	1.1.2.2 Premises	1.1.2.3 Inventory and equip.	1.1.2.5 Work in progress	Total
Contents					
Supervisory Board report					
Preface	Balance as at 1 January				
1. Mission and vision	Acquisition price	747663.3	5838.4	98159.9	84283.6
2. Positioning	Cum. depreciation and impairment	-418813.7		-64403.6	
3. Research	Book values	328849.6	5838.4	33756.3	84283.6
4. Education	Mutations in Investments			18658.6	-342.8
5. Societal impact	Disinvestments			-17101.2	-17101.2
6. Talent development	Depreciation	-24678.8		-10557.9	
7. Facilities	Reclassification work in progress	54672.0			-54672.0
8. Governance	Depreciation of disinvestments			17101.2	17101.2
9. Continuity section	Balance as at 31 December				
10. Analysis of annual results	Acquisition price	802335.3	5838.4	99717.3	29268.8
Financial statements	Cum. depreciation and impairment	-443492.5		-57860.3	
Independent auditor's report	Book values	358842.8	5838.4	41857.0	29268.8
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Notes

- The amounts in the column 'Reclassification work in progress' are mutations of completed projects;
 - There are no restrictions on the ownership of the above tangible fixed assets.
 - The recognized divestments are entirely related to decommissioning.
- As regards the environmental risks such as asbestos in buildings, reference is made to the environmental provision that has been created. On this subject, see the explanatory notes to 2.2. In connection with the state of suspension of payments of Stichting University Guesthouse Groningen, the book value of the tangible fixed assets has been written down to € 0.

1.1.3 Financial fixed assets

	Participation percentage	Book value 01/01/2017	Investments 2017	Disinvestment as at 2017	Result 2017	Book value 31/12/2017
1.1.3.2 Other equity						
- Zernike Seed Fund B.V. Groningen	32%	0.0				0.0
- Stichting GN-IX Groningen	n.a.	6.0				6.0
- Univ. Groningen NW Germany GmbH Papenburg (Germany)	100%	25.0			-2.8	22.2
- LOFAR CV Dwingeloo	11%	0.0			0.0	
UG participations/shareholdings						
Houdstermaatschappij and AOG Holding B.V.	0 - 100%	6714.5 6745.5	911.4 911.4	-592.2 -592.2	-406.1 -408.9	6627.6 6655.8

Explanatory notes

The participating interest in Zernike Seed Fund B.V. has been entirely depreciated.

2017 saw no activities at Zernike Seed Fund B.V. and no results were obtained.

In 2015, the UG has fully written down the participating interest in LOFAR CV, amounting to k€ 10. The UG does not run any interest rate, cash flow and liquidity risk.

1.1.3.7 Securities

	Investments as at 01/01/2017	Addition 2017	Withdrawal 2017	Investments as at 31/12/2017
1.1.3.7.4 Other securities Deposits	5000.0 5000.0	14000.0 14000.0	0.0	19000.0 19000.0

Explanatory notes

Securities concern fixed-yield liquid assets with a term of more than one year.

The mutation relates to newly agreed deposits with a term of more than one year.

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	Outstanding loans (funds lent) 01/01/2017	Extended loans 2017	Redemptions/ settlement 2017	Outstanding loans (funds lent) 31/12/2017	Interest rate	Residual maturity in years
1.1.3.8 Other receivables						
- GSZ Mayday	138.1			138.1	0.0%	indefinitely
- GSZ Mayday	35.0	1.4		36.4	4.0%	17
- Stichting Behoud Groene Hortus	1540.8		-10.0	1530.8	0.0%	> 1
- Stichting Behoud Groene Hortus (subordinated)	124.8			124.8	0.0%	> 1
- UNICA installatie groep B.V.	3028.9			3028.9	0.0%	7
- Carex Haren B.V.	300.0		-100.0	200.0	4.0%	2
- Stichting Infoversum	54.6			54.6	2.5%	3
Sundry receivables UG						
Houdstermaatschappij B.V.	723.1	162.4		885.5	sundry	
	5945.3	163.8	-110.0	5999.1		
Explanatory notes						
These concern receivables from participations with a term of more than one year.						
A security has been provided for the outstanding receivable on Mayday. No amortization has been applied to loans with an interest rate of 0%. The financial effect of this is k€ 379, based on a discount rate of 1.7%.						
The loan granted to RUG Houdstermaatschappij B.V. concerns a reclassification of a loan previously recognized under short-term receivables.						
		Balance as at 01/01/2017	Allocation 2017	Release 2017	Other 2017	Balance as at 31/12/2017
Less: Provision financial fixed assets						
Loans to legal entities		2193.3	1.4	-110.0	0.0	2084.7
		2193.3	1.4	-110.0	0.0	2084.7

Explanatory notes

The allocation to the provision concerns a correction on the provision of GSZ Mayday. The release corresponds to the redemptions on the loans to Stichting Behoud Groene Hortus and Carex Haren B.V.

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CURRENT ASSETS
1.2.1 Inventories

	Account 31/12/2017	Account 31/12/2016
1.2.1.2 Acquisition price consumer goods		
Warehouse inventory	363.5	366.8
	<u>363.5</u>	<u>366.8</u>

Explanatory notes

The extent of obsolete inventory is limited, so it is not necessary to carry out a value adjustment for this.

The comparative figures have been reduced by k€ 609. This concerns a reclassification to the tangible fixed assets of the figures of the related parties.

1.2.2 Receivables

	Account 31/12/2017	Account 31/12/2016
1.2.2.1 Debtors	9336.5	10597.6
Income yet to be invoiced	1209.3	1526.1
Less: Provision for non-collectable debts	<u>-371.2</u>	<u>-484.3</u>
	10174.6	11639.4
1.2.2.2 Receivables from OCW/EZ		
Pending subsidies	104.9	0.0
Cash limitations	1005.0	2315.0
Receivables from personnel	60.2	27.8
Receivables from students / participants / course participants	142.4	0.0
1.2.2.10 Other receivables		
Accrued income	97780.9	61206.8
Other receivables	<u>88157.4</u>	<u>80503.2</u>
	185938.3	141710.0
1.2.2.12 Prepaid expenses	7245.0	7235.6
1.2.2.15 Other accruals	<u>177.5</u>	<u>80.8</u>
	<u>204847.9</u>	<u>163008.6</u>

Explanatory notes

The fair value of the receivables approximates their book value, given their short-term nature and the fact that provisions for doubtful debts have been formed where necessary.

The changes in the provision for non-collectable debts were as follows:

	Account 2017	Account 2016
Balance as at 1 January	484.3	461.9
Withdrawal	-113.1	22.4
Allocation	0.0	0.0
Balance as at 31 December	371.2	484.3

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Explanatory notes

A provision for outstanding receivables is created if there is an objective indication that funds will not be received.

Of the receivables, k€ 571 has been outstanding for more than one year, k€ 347 of which has been provided for.

1.2.4 Liquid assets

	Account 31/12/2017	Account 31/12/2016
1.2.4.1 Cash holdings	37.1	55.9
1.2.4.2 Bank account credits		
Bank account credits (general)	23566.5	30562.5
Deposits (<= 1 year)	66000.0	141000.0
- Current account	184661.4	87093.1
Consolidated institutions	1828.4	2348.1
	276056.3	261003.7
	276093.4	261059.6

Explanatory notes

Liquid assets consist of cash funds, bank balances and call deposits with a term of one year or less and are at the free disposal of the institution;

- Current accounts include the bank balance of the Government Accounts Division and payments in transit;

- Consolidated institutions include the bank balances of the participating parties.

LIABILITIES
2.1 Equity

Contents	2.1.1.1 General reserve	579455.0	15513.3	-20581.0	574387.3
Supervisory Board report	2.1.1.2 Allocated reserve (public)	5568.0		20581.0	26149.0
Preface	2.1.1.3 Allocated reserve (private)	165.7	20.9		186.6
1. Mission and vision	2.1.1.4 Allocated funding (public)	1185.3	-119.9		1065.4
2. Positioning	2.1.1.5 Allocated funding (private)	4873.2	146.7	-888.8	4131.1
3. Research	Totals	591247.2	15561.0	-888.8	605919.5
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Explanatory notes

Allocated reserves are reserves with a more limited spending option, with the restriction imposed by the Board of the University.

Allocated funds are reserves with a more limited spending option, with the restriction imposed by third parties.

- 2.1.1.2 The allocated reserve (public) at k€ 26,149 has been created for the ongoing experiment with the PhD Scholarship Programme.
- 2.1.1.3 The allocated reserve (private) is intended to cover private activities.
- 2.1.1.4 The allocated funding (public) comprises funds under management
- 2.1.1.5 The allocated funding (private) comprises the assets of the related parties.

		2.2 Provisions		Balance at 31/12/2016	Reclassification 2017	Allocations 2017	Withdrawals 2017	Release 2017	Balance at 31/12/2017	Short-term part <1 year	Long-term part >1 year
Contents	2.2.1 Personnel provisions										
Supervisory Board report	2.2.1.1 Organizational restructuring	2201.6		402.2		12.2	-519.9	2096.1	397.0	1699.1	
Preface	Transition provision	0.0		2385.8		0.0	0.0	2385.8	1225.0	1160.8	
1. Mission and vision	2.2.1.2 Leave saving scheme	3837.5	373.7	646.6		-634.4	-338.3	3885.1	790.0	3095.1	
2. Positioning	2.2.1.3 Own risk under the WGA scheme	1892.0		689.9		-593.5	-139.2	1849.2	359.0	1490.2	
3. Research	2.2.1.4 Anniversary provision	5690.3		506.9		-515.6	-656.6	5025.0	997.0	4028.0	
4. Education	2.2.1.5 Unemployment contributions	5169.9		2695.9		-2386.2	-93.8	5385.8	2366.0	3019.8	
5. Societal impact	2.2.1.6 Staff with a long-term incapacity for work	1143.2		234.9		-340.9	-87.4	949.8	875.0	74.8	
6. Talent development	2.2.1.7 Other personnel provisions	373.7	-373.7					0.0	0.0	0.0	
7. Facilities		20308.2	0.0	7562.2		-4458.4	-1835.2	21576.8	7009.0	14567.8	
8. Governance	2.2.4 Other provisions										
9. Continuity section	Environmental risk	11545.3		629.0		-179.2		11995.1	2414.0	9581.1	
10. Analysis of annual results	Project provision	0.0	1529.9	1249.8		-427.4		2352.3	2352.3	0.0	
Financial statements	Other	13529.9	-1529.9	5000.0		-2000.0		15000.0	2000.0	13000.0	
		25075.2	0.0	6878.8		-2606.6	0.0	29347.4	6766.3	22581.1	
		45383.4	0.0	14441.0		-7065.0	-1835.2	50924.2	13775.3	37148.9	

2.4 Short-term debt

Key figures and indicators for education Appendices	Account 31/12/2017	Account 31/12/2016
2.4.4 Ministry of Education, Culture and Science (OCW)/Economic Affairs (EZ)	576.3	107.4
<i>Explanatory notes</i> This concerns the balance in Annex G2-A Grants with settlement clause.		
2.4.7 Pre-invoiced and pre-received instalments of projects	20209.6	6458.0

The Table below shows the status of the work in progress and the invoiced instalments:

		31/12/2017			31/12/2016		
		Work in progress	Invoiced instalments	Balance	Work in progress	Invoiced instalments	Balance
Contents	Work in progress > instalments	-18207.3	14495.4	-3712.0	-8215.0	4748.3	-3466.7
	Work in progress < instalments	-37592.9	61514.5	23921.5	-16515.0	26439.7	9924.7
	Total	-55800.2	76009.8	20209.6	-24730.0	31188.0	6458.0
Supervisory Board report	Account 31/12/2017				Account 31/12/2016		
1. Mission and vision	2.4.8 Creditors			5389.9			8346.3
2. Positioning	2.4.9 Taxation and social security contributions						
3. Research	- Wage tax		13890.8			13768.7	
4. Education	- Turnover tax		1457.9			980.8	
5. Societal impact	2.4.10 Amounts payable in respect of pensions			15348.7			14749.5
6. Talent development	2.4.11 Amounts payable in respect of work for third parties						3063.7
7. Facilities	2.4.12 Other short-term debts						1273.8
8. Governance	2.4.13 Tuition, course and exam fees received in advance						26063.1
9. Continuity section	2.4.14 Grants received in advance from OCW/EZ						29479.9
10. Analysis of annual results	2.4.16 Amounts received in advance						2574.4
Financial statements	2.4.17 Holiday pay and holidays			154112.7			128803.8
	- Holiday allowance		9643.1			9868.5	
Independent auditor's report	- Reservation for holidays		21963.1			22307.9	
				31606.2			32176.4
Key figures and indicators for education	2.4.19 Other accruals and deferred income						
	- Positioning fund		400.0			440.0	
Appendices	- Other		1905.9			2493.5	
				2305.9			2933.5
				289838.4			256029.8

Explanatory notes

The short-term debts all have a residual maturity of less than one year.

Overview of earmarked targeted grants of the Ministry of Education, Culture and Science (OCW)

(amounts x € 1,000)

Model G

G1 Grants without a settlement clause

	Allocation	Amount allocation	Received up to and including 2017	Performance completed?
	Reference	Date		

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G2 Grants with settlement clause

G2-A Expiring at the end of the year under review

Description	Allocation	Amount allocated	Received up to and including 2017	Total costs	To be settle year-end 2017
Reference	Date				
'Van Zwak naar Sterk'	61500-108544	14/10/2013	3199.8	3199.8	-2624.7
Excel by practical differentiation in regular classes	804AO-49720	26/11/2014	561.2	561.2	-560.0
		3761.0	3761.0	-3184.7	576.3

G2-B Continuing until the next reporting year

Description	Allocation to be paid	Amount allocation	Balance as at 01/01/2017	Received in 2017	Charges in 2017	Total costs up to and including 31/12/2017	Balance still spendable 31/12/2017
Reference	Date						
Professionalization of new lecturers in the north of the Netherlands (INO)	804AO-42807	13/05/2013	1501.1	-515.3	680.0	-269.6	-1464.9
Nation-wide survey into induction effects (LONIE)	804AO-46949	21/11/2013	3054.6	1108.5		-706.9	-1932.1
Guiding new lecturers (BSL)	804AO-46192	19/12/2013	400.0	130.6	-83.3	-352.7	47.3
		4955.7	723.8	680.0	-1059.8	-3749.7	344.0

Off-balance sheet assets and/or liabilities

Off-balance-sheet liability

Scientific books

The valuation of UG's collection of scientific books depends on various value factors and cannot be estimated reliably. The scientific books have therefore not been included in the balance sheet.

Multi-year financial liabilities

Investment commitments have been entered into for an amount of k€ 14,385.

The following multi-year liabilities have been entered into (amounts in k€):

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	<1 year	1-5 years	>5 years
Staffing costs	2998.0		
Rent	2298.0	4483.1	6185.3
Power and water	4406.0	4406.0	
Cleaning costs	2460.0		
Other housing expenditure	1199.0	100.0	
Inventories and equipment	926.0		
Telecommunications and Information technology	5358.0	7969.0	
Travel and accommodation expenses	1458.0		
Other expenditure	2618.0		
	23721.0	16958.1	6185.3

The amount under Other expenditure relates entirely to operational lease liabilities.

Other non-recognized liabilities

Concession contract including secondelement contract

As from 1/1/2018, employees of the F&D department in permanent employment of the UG will be seconded to the supplier Beijk on the basis of a European tender procedure. The agreed wage costs at Beijk are charged by the UG on a monthly basis. The contract stipulates that the wages of employees who are ill for longer than two weeks may not be invoiced to Beijk by the UG.

Risks as a result of earthquakes

The earthquake problem is an integral part of UG's real estate policy and implementation. In 2017, the survey of the Potential High-Risk Building Elements (PHRBEs) per building was completed.

The survey of the PHRBEs is part of the reinforcement task of the city of Groningen which falls under the responsibility of the National Coordinator for Groningen (NCG). A number of elements have been found to be in need of reinforcement. The reinforcement costs to be incurred by the University will be reimbursed once they have been approved by the NCG.

In addition, the UG has a number of buildings and processes that could entail specific risks for the organization in the event of an earthquake. The UG wants to have these buildings examined, particularly to what extent they are vulnerable to the effects and risks of earthquakes.

Under certain conditions and after approval by the NCG, the research costs will be reimbursed by the NAM (Dutch natural gas exploration and production company). The reimbursement of the additional costs for the Energy Academy Europe was settled in early 2017 by the NAM in accordance with the proposal submitted by the UG. As regards the Feringa building, in 2018, when the building specifications will be completed, definitive agreements will be made with the NAM on reimbursement of the structural reinforcement measures.

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		Accounts 2017	Budget 2017	Accounts 2016
	3.1 Government grants			
	3.1.1 Government funding from OCW/EZ			
	3.1.1.1 - Government funding OCW (University Education sector)	470789.8	452021.2	454634.1
	3.1.2 Other grants OCW/EZ			
	3.1.2.1 - Other grants OCW/EZ	2344.2	0.0	1718.9
	3.1.3 Income transfer from government funding			
	3.1.3.2 - Academic Hospitals	-95322.3	-88300.4	-91623.7
	Total government funding from OCW/EZ	377811.7	363720.8	364729.3
	3.2 Other government funding and grants			
	3.3 Statutory lecture / course / exam fees			
	3.3.4 University Education sector tuition fees (charged in current financial year)	51236.3	59300.0	63848.1
	Educational liabilities (tuition fees invoiced in advance)	-30360.3	0.0	-44683.1
	Release educational liabilities (pre-invoiced tuition fees previous academic year)	44683.0	0.0	42439.5
	Total Tuition fees	65559.0	59300.0	61604.5
	3.4 Income from work commissioned by third parties			
	3.4.1 Contract teaching			
	3.4.1.1 - Faculties	3922.8	1076.6	6292.5
	3.4.2 Contract research			
	3.4.2.1 - International organizations			
	- European Union	27517.1	22400.0	24886.3
	3.4.2.2 - National governments	34706.2	27600.0	30392.9
	3.4.2.3 - NWO	38228.1	42500.0	34383.2
	3.4.2.4 - KNAW	274.9	199.1	561.0
	3.4.2.5 - Other non-profit organizations	19623.7	15100.0	18890.2
	3.4.2.6 - Companies	23403.1	26700.0	18392.7
	3.4.5 Other income from work commissioned by third parties *	143753.0	134499.1	127506.3
		12192.7	7536.0	18014.5
	Total income from work commissioned by third parties	159868.5	143111.7	151813.4

* These mainly concern the UMCG O&O transactions with top technological institutes ('tti's').

The 'income from work commissioned by third parties' does not include grants which are subject to discussions with the grant provider about the approval of the grant.

		Account 2017	Budget 2017	Account 2016
Contents	3.5 Other income			
	3.5.1 Leasing revenues	1826.0	1503.1	1490.5
	3.5.10 Other income			
	Courses, conferences and symposia	4001.5	4300.0	4144.4
Supervisory Board report	Professional services	19600.0	21200.0	21085.1
Preface	Other one-off revenues **	<u>37786.6</u>	<u>42672.1</u>	<u>45047.6</u>
1. Mission and vision		61388.1	68172.1	70277.1
2. Positioning	Total other income	<u>63214.1</u>	<u>69675.2</u>	<u>71767.6</u>
3. Research	Total income	<u>666453.3</u>	<u>635807.7</u>	<u>649914.8</u>
4. Education	** These mainly concern transactions and settlements between UMCG O&O and third parties / contract partners (including Healthcare).			
5. Societal impact				
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		Account 2017	Budget 2017	Account 2016
	4.1 Staffing expenses			
	4..1 Wages, salaries, social security charges and pension costs *)			
	4.1.1.1 - Wages and salaries	334180,7	332400,0	325316,8
	4.1.1.2 - Social security charges	35300,5	35100,0	35769,1
	4.1.1.5 - Pension premiums	45891,9	45700,0	38552,5
		415373,1	413200,0	399638,4
	4.1.2 Other staffing expenses			
	4.1.2.1 - Mutation in personnel provisions	4751,5		5680,8
	4.1.2.2 - Expenses staff not in paid employment	14521,7	14400,0	12965,8
	4.1.2.3 - Other staffing costs	7173,4	7190,8	18535,5
	Total staffing costs	26446,6	21590,8	37182,1
		441819,7	434790,8	436820,5

* The staffing expenses for the UMCG O&O will be on-charged by UMCG's salary accounts department.

The item 4.1.3 Fees received that were included in previous financial statements has since 2017 been classified under item 4.1.2.3 - Other staffing expenses.

In 2017, the average number of employees was: 5,991 FTE (2016: 5,891 FTE).

Average number of employees by category in FTE.

	2017	2016
Academic staff	3523,0	3520,5
Support and management staff	2461,6	2363,5
Group companies	6,5	7,0
	5991,1	5891,0

The number of staff employed by the UG working outside the Netherlands amounts to 1,0 FTE (2016: 1,0 FTE). In 2016, this was recorded incorrectly. This has been adjusted in the comparative figures.

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		Account 2017	Budget 2017	Account 2016
	4.2 Depreciation			
	4.2.2 Tangible fixed assets	35237.1	33937.2	32897.8
	Total depreciation and amortization	35237.1	33937.2	32897.8
	4.3 Accommodation expenses			
	4.3.1 Rent	3521.3	3800.0	3736.2
	4.3.2 Insurance	577.1	592.7	557.5
	4.3.3 Maintenance	16883.9	18200.0	15485.3
	4.3.4 Power and water	8480.0	9100.0	9125.1
	4.3.5 Cleaning costs	5830.2	6300.0	4980.4
	4.3.6 Taxes and levies	3149.5	3400.0	3029.6
	4.3.8 Accommodation expenses	1757.1	1881.2	3306.0
	Total accommodation expenses	40199.1	43273.9	40220.1
	4.4 Other expenditure			
	4.4.1 Administration and management costs	6967.1	7200.0	6849.3
	4.4.2 Inventories and equipment			
	- Inventory and equipment	6262.5	6500.0	7876.6
	- Other	10721.7	11100.0	11579.3
		16984.2	17600.0	19455.9
	4.4.4 Allocation other provisions	6939.0	0.0	10978.6
	4.4.5 Other			
	- Telecommunications and information technology	6985.5	7200.0	5932.8
	- Travel and accommodation expenses	13031.0	13500.0	13214.5
	- Publicity, representation and grants	17052.9	17600.0	20196.9
	- Specific costs education & research	48761.8	50400.0	61064.7
	- Consultancy costs and compensation for services	14295.2	14800.0	15545.1
	- Other	4348.1	3582.8	-19388.9
		104474.5	107082.8	96565.1
	Total other expenditure	135364.8	131882.8	133848.9
	Total expenditure	652620.7	643884.7	643787.3

Explanatory notes

The item 'specific costs education & research' mainly consists of costs for laboratory and research equipment, project costs, costs for UMCG O&O affiliates and costs for PhD students.

	Account 2017	Account 2016
Breakdown		
Remuneration audit financial statements	362.1	116.9
Remuneration other auditing assignments	54.5	187.5
Remuneration tax advice	0.0	0.0
Remuneration other non-auditing services	20.9	7.1
Auditing costs	437.5	311.5

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6. Financial income and expenditure

	Accounts 2017	Budget for 2017	Accounts 2016
6.1.1 Interest income	631.6	600.0	914.8
6.2.1 Interest expenditure	0.0	0.0	0.0
Net financial income and expenditure	631.6	600.0	914.8

The decrease in interest income is mainly due to the declining interest rate on these outstanding assets.

8. Income from participations

	Account 2017	Budget for 2017	Account 2016
Result AOG Holding B.V.	439.4	0.0	751.7
Result UGNWG GmbH	-2.8	0.0	0.0
Result UOCG Market B.V.	327.0	0.0	0.0
Result participations RUG Houdstermaatschappij	333.1	0.0	-519.2
Net result participations	1096.8	0.0	232.5

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RECAPITULATION Statement of income and expenditure

Income and expenditure			
Operational management income	666453.3	635807.7	649914.8
Expenditure	652620.7	643884.7	643787.3
Net income and expenditure	13832.6	-8077.0	6127.5
Financial income and expenditure			
Net financial income and expenditure	631.6	600.0	914.8
Result participating interests			
Net result participating interests	1096.8	0.0	232.5
Operating result	15561.0	-7477.0	7274.8

Proposed appropriation of balance of the statement of income and expenditure

Amounts x € 1,000

It is proposed to divide the consolidated result of k€ 15,561 as follows:

Addition general reserve	15513.3
Addition to allocated reserve (public)	0.0
Addition to allocated reserve (private)	20.9
Addition to allocated fund (public)	-119.9
Addition to allocated fund (private)	146.7
Consolidated result	15561.0

The UG is a legal entity under the Higher Education and Academic Research Act and therefore has no statutes.

There are therefore no special statutory provisions regarding the result appropriation.

Events after the reporting date

No relevant events occurred after the balance sheet date.

Overview related parties

Model E Amounts x €1000

In the guidelines for the preparation of the financial statements, the Minister of Education, Culture and Science states that legal entities which form an economic unit together with the university and - are under the joint management of the economic unit, - and the joint management has decisive control over the legal entities in question, must be consolidated in the financial statements.

The majority shareholdings are based on the financial statements of the participations concerned.

At the UG, it concerns the following legal entities:

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Majority interest

	Legal form	Registered office	Activity code	Capital and reserves 31/12/2017	Turnover 2017	Result 2017	Participa-tion percentage
Applied NanoSystems (Chamber of Commerce no. 02067460)	BV	Groningen	4	-16.8	0.0	-2.5	100%
Declaration Section 403, Book 2 NCC: no							
Consolidated: yes							
RUG Houdstermaatschappij (CoC no. 02058154)	BV	Groningen	4	5530.2	325.3	100%	
Declaration Section 403, Book 2 NCC: no							
Consolidated: yes							
University of Groningen North West Germany GmbH	GmbH	Papenburg (Germany)	4	22.2	0.0	0.0	100%
Declaration Section 403, Book 2 of NCC: no							
Consolidated: no							

Explanatory notes

At the end of 2017, RUG Houdstermaatschappij B.V. had participating interests in the following companies:

Companies	Participating interest	Core activities
AGILeBiotics B.V.	28.3%	Development of antibiotics
Angteq B.V.	15.0%	Pharmaceutical and diagnostic advice and research
ARGO B.V.	6.0%	Healthcare advice, care for the elderly
Biorion Technologies B.V.	8.4%	Drug delivery system
CarbExplore Group B.V.	30.0%	Development of pharmaceutical products
GnTel B.V.	8.2%	Telecommunication services
KNN Groep B.V.	20.0%	Advice on Environment and economy
Nederland Rusland Centrum B.V.	45.0%	Guidance bilateral contacts

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Companies	Participating interest	Core activities					
Noord Tech Venture CV	3.3%	Investing in promising technology companies					
Polymer Service Centre B.V.	49.0%	Polymer services for industrial applications					
PolyVation B.V.	49.0%	Polymer products for the medical industry					
Pro Facto B.V.	6.0%	Public administration and legal advice					
UC Promotion Groningen CV	33.3%	Research projects department of Human Movement Sciences					
UG UMCG investments B.V.	50.0%	Investing in promising technology companies					
SMIO pharma B.V.	30.0%	Small Molecules Immune Therapy					
Solenne B.V.	10.6%	Developing cosmetic products					
Target Holding B.V.	28.3%	Data search and storage technology					
Kennis Conversie Fonds B.V.	100.0%	Investment fund					
NTV Beheer B.V.	100.0%	Management of the company					
Van Swinderen Huys B.V.	100.0%	Meeting and conference centre					
UOCG Market B.V.	100.0%	Developing products and services for educational support					
All companies have their registered office in Groningen.							
Other participating interests/capital interests							
	Legal form	Registered office	Code activities	Equity as at 31/12/2017	Turnover 2017	Result balance 2017	Shareholding percentage
Lofar C.V. (Chamber of Commerce no. 04082149)	C.V.	Dwingeloo	2	0.0	0.0	0.0	11%
Declaration Section 403, Book 2 of the Netherlands Civil Code:	no						
Consolidated:	no						
Stichting GN-IX (Chamber of Commerce no. 02074287)	Foundation	Groningen	4	0.0	0.0	0.0	n/a
Declaration Section 403, Book 2 of the Netherlands Civil Code:	no						
Consolidated:	no						

	Decisive control	Legal form	Statutory office	Code activities	Equity as at 31/12/2017	Turnover 2017	Result balance 2017	Participation rate
	Stichting AOG (Chamber of Commerce no. 41011529) Declaration Section 403, Book 2 of the Netherlands Civil Code: Consolidated:	Foundation	Groningen	1	3974.8	0.0	439.3	n/a
	no yes							
	St. University Guesthouse (Chamber of Commerce no. 41011572) Declaration Section 403, Book 2 of the Netherlands Civil Code: Consolidated:	Foundation	Groningen	4	-13.7	961.6	-132.2	n/a
	no yes							
	Other related parties							
	Name							
	Stichting ACLO	Foundation	Groningen	4				
	Stichting Alumni Netwerk FEB	Foundation	Groningen	4				
	Stichting Behoud Groene Hortus	Foundation	Groningen	4				
	Stichting tot Bevordering der Hematologie Groningen	Foundation	Groningen	4				
	Stichting Bestuursrecht en Bestuurskunde	Foundation	Groningen	4				
	Stichting Groninger Universiteitsfonds	Foundation	Groningen	4				
	Stichting Groninger Center for DUG Research	Foundation	Groningen	4				
	Stichting Groninger Universiteitsblad	Foundation	Groningen	4				
	Stichting KEI	Foundation	Groningen	4				
	Stichting Kenniscentrum (ICT@NN)	Foundation	Groningen	4				
	Stichting Klinische Farmacologie Groningen	Foundation	Groningen	4				
	Stichting Leonardo da Vinci	Foundation	Groningen	4				
	Stichting Marketing Support Group	Foundation	Groningen	4				
	Stichting Nicolaas Muleriusfonds	Foundation	Groningen	4				
	Stichting voor Pedagogisch Onderwijs	Foundation	Groningen	4				
	Stichting Alumni van de Faculteit der Rechtsgeleerdheid	Foundation	Groningen	4				
	Stichting Technology Consultancy Center	Foundation	Groningen	4				
	Stichting ter Bevordering van Onderzoek en Onderwijs in de strafrechtswetenschappen	Foundation	Groningen	4				
	Stichting ter Bevordering van Ruimtelijke Wetenschappen	Foundation	Groningen	4				
	Stichting tot Bevordering van de Huisartsengeneeskunde Regio Noord Nederland	Foundation	Groningen	4				
	Stichting Ubbo Emmius Fonds	Foundation	Groningen	4				
	Stichting Usva	Foundation	Groningen	4				

Activities code; 1 = contract teaching, 2= contract research, 3 = real estate, 4 = other

Non-consolidated financial statements 2017

Amounts x € 1000

A.1.5 Balance sheet as at 31 December 2017

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ASSETS			LIABILITIES	
	2017	2016	2017	2016
Fixed assets			Capital and reserves	
1.1.2 Tangible fixed assets			2.1 Equity	
Buildings and sites	364162.2	334082.9	General reserve	574387.3
Fixtures and fittings	41856.0	33752.8	Allocated reserve (public)	26149.0
In progress and en prepayments	29787.8	84283.6	Allocated reserve (private)	458.5
	435806.0	452119.3	Allocated funding (public)	1065.4
			Allocated funding (private)	164.3
1.1.3 Financial non-current assets			Total equity	602224.6
Participations in group companies	5530.2	5601.8		586215.8
Other participating interests	28.2	31.0		
Receivables from group companies	0.0	0.0		
Securities	19000.0	5000.0		
Other receivables	3028.9	3028.9	Borrowed capital	
	27587.3	13661.7	2.2 Provisions	50924.2
Total fixed assets	463393.3	465781.0	2.4 Short-term debts	289586.5
				255647.2
Current assets				
1.2.1 Inventories	363.5	366.8		
1.2.2 Receivables	204713.4	162387.1		
1.2.4 Liquid assets	274265.0	258711.5		
	942735.2	887246.4		
				942735.2
				887246.4

A.1.6 Statement of income and expenditure for 2017

	Account 2017	Budget 2017	Account 2016
Consolidated result	15561.0	-7477.0	7274.8
PLUS: Sales result within the group	271.9		
LESS: Result foundations	-173.0	1006.0	778.3
Non-consolidated result	16005.9	-8483.0	6496.5

A.1.7 Explanatory notes to the non-consolidated financial statements

Amounts x € 1000

General

The non-consolidated financial statements have been prepared in accordance with the statutory provisions of Part 9 of Book 2 of the Netherlands Civil Code and the financial reporting guidelines issued by the Dutch Accounting Standards Board. These provisions are applicable pursuant to the Annual Reporting Regulations for the Educational Sector. The financial statements have been prepared in euro.

The accounting principles for the non-consolidated financial statements and the consolidated financial statements are the same. Participations in group companies are valued at net asset value. As regards the accounting principles for the valuation of assets and liabilities and for the determination of the result, reference is made to the explanatory notes to the consolidated balance sheet and statement of income and expenditure. In the explanatory notes to the balance sheet and statement of income and expenditure, reference is made, where necessary, to the explanatory notes to the consolidated financial statements.

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1.1.2 Tangible fixed assets

	1.1.2.1 Buildings	1.1.2.2 Premises	1.1.2.3 Inventory and equipment	1.1.2.5 Work in progress	Total
Balance as at 1 January					
Acquisition price	746297.9	5838.4	98148.1	84283.6	934568.0
Cum. depreciation, amortization and impairment	-418053.4		-64395.3		-482448.7
Book values	328244.5	5838.4	33752.8	84283.6	452119.3
Mutations					
Investments			18661.1	-342.8	18318.3
Disinvestments			-17096.2		-17096.2
Depreciation	-24073.7		-10557.9		-34631.6
Reclassification work in progress	54153.0			-54153.0	
Depreciation of divestments			17096.2		17096.2
Balance as at 31 December					
Acquisition price	800450.9	5838.4	99713.0	29787.8	935790.1
Cum. depreciation and impairment	-442127.1		-57857.0		-499984.1
Book values	358323.8	5838.4	41856.0	29787.8	435806.0

Explanatory notes

- The amounts in the column 'Reclassification work in progress' are mutations of completed projects;
- There are no restrictions on the ownership of the above tangible fixed assets.

As regards the environmental risks such as asbestos in buildings, reference is made to the environmental provision that has been created. On this subject, see the explanatory notes to 2.2.

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1.1.3 Financial fixed assets

	Participation percentage	Book value as at 01/01/2017	Investments 2017	Disinvestments 2017	Result 2017	Book value as at 31/12/2017
1.1.3.1 Participations in group companies						
Applied NanoSystems B.V., Groningen	100%	-3.7	6.2		-2.5	0.0
RUG Houdstermaatschappij B.V., Groningen	100%	5204.7			325.3	5530.2
UOCG Market B.V., Groningen	100%	400.8		-1000.0	599.2	0.0
		5601.8	6.2	-1000.0	922.0	5530.2

Explanatory notes

The participation in Applied NanoSystems B.V. has been fully written down as a result of negative equity.

The participation in UOCG Market B.V. was sold to the RUG Houdstermaatschappij B.V. in 2017.

1.3.2 Participations
1.1.3.2 Other participations

- Zernike Seed Fund B.V.	Groningen	32%				0.0
- Stichting GN-IX	Groningen	n/a	6.0			6.0
- University of Groningen NW						
Germany GmbH	Papenburg (Germany)	100%	25.0			-2.8
- LOFAR CV	Dwingeloo	11%			0.0	22.2
		31.0			-2.8	0.0

Explanatory notes

The participating interest in Zernike Seed Fund B.V. has been entirely depreciated. 2017 saw no activities at Zernike Seed Fund B.V. and no results were obtained.

The University has a 11% participating interest in LOFAR CV. The initial contribution of k€ 10 has been fully written down.

1.1.3.3 Receivables from group companies

	Outstanding loans (funds lent) 01/01/2017	Extended loans 2017	Redemptions/ settlement 2017	Outstanding loans (funds lent) 31/12/2017	Interest rate	Residual maturity in years
Applied NanoSystems B.V.	10.5	0.3		10.8	3.0%	1
Stichting University Guesthouse	692.0		-186.1	505.9	2.0%	1
	702.5	0.3	-186.1	516.7		

	Provision receivables from group companies	Balance as at 01/01/2017	Allocations 2017	Release 2017	Balance as at 31/12/2017
	Applied NanoSystems B.V., Groningen	10.5	0.3		10.8
	Stichting University Guesthouse	692.0		-186.1	505.9
		702.5	0.3	-186.1	516.7
Contents					
Supervisory Board report	1.1.3.7 Securities	Investments as at 01/01/2017	Acquisitions/ loans 2017	Mutation 2017	Investments as at 31/12/2017
Preface					
1. Mission and vision	1.1.3.7.4 Other securities; deposits	5000.0	14000.0		19000.0
2. Positioning		5000.0	14000.0		19000.0
3. Research					
4. Education					
5. Societal impact					
6. Talent development					
7. Facilities	1.1.3.8 Other receivables	Outstanding loans (funds lent) 01/01/2017	Extended loans 2017	Redemptions/ settlement 2017	Outstanding loans (funds lent) 31/12/2017
8. Governance	- GSZ Mayday	138.1			138.1
9. Continuity section	- GSZ Mayday	35.0	1.4		36.4
10. Analysis of annual results	- Stichting Behoud Groene Hortus	1540.8		-10.0	1530.8
Financial statements	- Stichting Behoud Groene Hortus (subordinated)	124.8			124.8
Independent auditor's report	- UNICA installatie groep B.V.	3028.9			3028.9
Key figures and indicators for education	- Carex Haren B.V.	300.0		-100.0	200.0
Appendices	- Stichting Infoversum	54.6			54.6
		5222.2	1.4	-110.0	5113.6
Provision for other receivables					
		Balance as at 01/01/2017	Allocations 2017	Withdrawals/ release 2017	Balance as at 31/12/2017
		2193.3	1.4	-110.0	2084.7

1.2.1 Inventories

	Account 31/12/2017	Account 31/12/2016
1.2.1.2 Acquisition price consumer goods Warehouse inventory	363.5	366.8

1.2.2 Receivables

	Account 31/12/2017	Account 31/12/2016
1.2.2.1 Debtors Income yet to be invoiced Less: Provision for non-collectible debts	9325.3 1209.3 -371.2	9976.1 1526.1 -484.3
1.2.2.2 Receivables from OCW/EZ Cash limitations	10163.4	11017.9
1.2.2.6 Receivables from personnel	1109.9	2315.0
1.2.2.7 Receivables from students / participants / course participants	60.2	27.8
1.2.2.10 Other receivables Accrued income Other receivables	142.4 97780.9 88034.1	0.0 61206.8 80503.2
	<hr/> 185815.0	<hr/> 141710.0
1.2.2.12 Prepaid expenses 1.2.2.15 Accruals and deferred expenditure	7245.0 177.5	7235.6 80.8
	<hr/> 204713.4	<hr/> 162387.1

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The fair value of the receivables approximates their book value, given their short-term nature and the fact that provisions for doubtful debts have been formed where necessary.

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1.2.4 Liquid assets

	Account 31/12/2017	Account 31/12/2016
1.2.4.1 Cash holdings	37.1	55.9
1.2.4.2 Bank account credits		
Bank account credits (general)	23566.5	30562.5
Deposits (= < 3 months)	66000.0	141000.0
Current accounts	184661.4	87093.1
	<hr/> 274265.0	<hr/> 258711.5

Explanatory notes

Liquid assets consist of cash funds, bank balances and call deposits with a term of three months or less and are at the free disposal of the institution.

2.1 Equity

The equity is further explained in the explanatory notes to the balance sheet in the consolidated financial statements.

Non-consolidated equity	602224.6	586215.8
Equity group companies	3466.9	4353.7
Loan provision [funds lent] University Guesthouse Foundation	505.9	692.0
Loan provision [funds lent] Applied NanoSystems B.V.	10.8	0.0
Equity Applied NanoSystems B.V.	-16.8	-14.3
Sales result UOCG Market B.V.	-271.9	0.0
Consolidated own funds	<hr/> 605919.5	<hr/> 591247.2

Explanatory notes

The equity of the group companies relates to Stichting AOG and Stichting University Guesthouse. Both are not included as a participation in the non-consolidated financial statements.

The created provisions have been eliminated in the consolidated financial statements as a result of the consolidation of both entities.

The equity of Applied NanoSystems B.V. is negative, for which no provision was included in the non-consolidated financial statements. However, the negative equity must be included in the consolidated financial statements.

2.2 Provisions

The provisions are further explained in the explanatory notes to the balance sheet in the consolidated financial statements.

2.4 Short-term debt

	Account 31/12/2017	Account 31/12/2016
2.4.4 OCW/EZ	576.3	107.4
<i>Explanatory notes</i>		
This concerns the balance in Annex G2-A Grants with settlement clause.		
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2.4.7 Pre-invoiced and pre-received instalments for projects		
Work in progress	-55799.2	-24730.0
Invoiced instalments	<u>76009.8</u>	<u>31188.0</u>
2.4.8 Creditors	20210.6	6458.0
2.4.9 Taxation and social security contributions	5267.3	8161.2
- Wage tax	13890.8	13768.7
- Value-added tax	<u>1493.6</u>	<u>980.8</u>
2.4.10 Debts in respect of pensions	15384.4	14749.5
2.4.11 Debts in respect of work by third parties	3722.4	3063.7
2.4.12 Other short-term debts	1243.6	1273.8
2.4.13 Tuition, course and exam fees received in advance	23473.5	25865.6
2.4.14 Grants received in advance from OCW/EZ	30119.5	29479.9
2.4.16 Amounts received in advance	1564.6	2574.4
2.4.17 Holiday pay and holidays	154112.7	128803.8
- Holiday allowance	9643.1	9868.5
- Reservation for holidays	<u>21963.1</u>	<u>22307.9</u>
2.4.19 Other accruals and deferred income	31606.2	32176.4
- Graduation Fund ('Profileringsfonds')	400.0	440.0
- Other	<u>1905.4</u>	<u>2493.5</u>
	2305.4	2933.5
	<u>289586.5</u>	<u>255647.2</u>

The short-term debts all have a residual maturity of less than one year.

Off-balance sheet assets and liabilities (non-consolidated)

Off-balance-sheet liability

Scientific books

The valuation of UG's collection of academic books depends on various value factors and cannot be estimated reliably. The scientific books have therefore not been included in the balance sheet.

Multi-year financial liabilities

Investment commitments have been entered into for an amount of k€ 14,385. The following multi-year obligations have been entered into (amounts in k€):

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	< 1 year	1-5 years	> 5 years
Staffing costs	2,998	0	0
Rent	2,298	4,483	6,185
Power and water	4,406	4,406	0
Cleaning costs	2,460	0	0
Accommodation expenses	1,199	100	0
Inventories and equipment	926	0	0
Telecommunications and information technology	5,358	7,969	0
Travel and accommodation expenses	1,458	0	0
Other expenditure	2,618	0	0
	23,721	16,958	6,185

The amount under Other expenditure relates entirely to operational lease liabilities.

Other non-recognized liabilities

Concession contract including secondelement contract

As from 1/1/2018, employees of the F&D department in permanent employment of the UG will be seconded to the supplier Beijk on the basis of a European tender procedure. The agreed wage costs at Beijk are charged by the UG on a monthly basis. The contract stipulates that the wages of employees who are ill for longer than two weeks may not be invoiced to Beijk by the UG.

Risks as a result of earthquakes

The earthquake problem is an integral part of UG's real estate policy and implementation. In 2017, the survey of the Potential High Risk Building Elements (PHRBEs) per building was completed.

The survey of the PHRBEs is part of the reinforcement task of the city of Groningen which falls under the responsibility of the National Coordinator for Groningen (NCG). A number of elements have been found to be in need of reinforcement. The reinforcement costs to be incurred by the University will be reimbursed once they have been approved by the NCG.

In addition, the UG has a number of buildings and processes that could entail specific risks for the organization in the event of an earthquake. The UG wants to have these buildings examined, particularly to what extent they are vulnerable to the effects and risks of earthquakes.

Under certain conditions and after approval by the NCG, the research costs will be reimbursed by the NAM (Dutch natural gas exploration and production company).

The reimbursement of the additional costs for the Energy Academy Europe was settled in early 2017 by the NAM in accordance with the proposal submitted by the UG. As regards the Feringa building, in 2018, when the building specifications will be completed, definitive agreements will be made with the NAM on reimbursement of the structural reinforcement measures.

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Statement of Income and Expenditure

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	Non-consolidated results 2017	Foundations with control			Participations		Consolidated results 2017
		Foundation AOG	Foundation University Guesthouse	Applied Nano Systems BV	UG Houdstermaatsch.		
3 Income							
3.1 Government funding	377811.7						377811.7
3.2 Other government funding and grants	0.0						0.0
3.3 Statutory lecture / course / exam fees	65559.0						65559.0
3.4 Income from work commissioned by third parties	159868.5						159868.5
3.5 Other income	62220.4						63214.1
	665459.6						666453.3
4 Expenditure							
4.1 Staffing costs	441481.4						441819.7
4.2 Depreciation of tangible fixed assets	34631.6						35237.1
4.3 Housing expenditure	39726.5						40199.1
4.4 Other expenditure	135102.7	0.1					135364.8
	650942.2	0.1					652620.7
Net income and expenditure	14517.4	-0.1					13832.6
The average number of employees in 2017 was: 5,985 FTE (2016: 5,884 FTE). The number of staff employed by the UG working outside the Netherlands amounts to 1.0 FTE (2016: 1.0 FTE). In 2016, this was recorded incorrectly. This has been adjusted in the comparative figures.							
6 Financial income and expenditure							
6.1 Financial income	570.8	0.0					631.6
6.2 Financial expenditure	0.0	0.0					0.0
Net financial income and expenditure	570.8	0,0					631.6
8 Income from participations							
	917,7	439,4	0,0				1096,8
Result	16005.9	439.3	-612.3				15561.0

In the above statement of income and expenditure, the reconciliation between the result in the non-consolidated financial statements and the consolidated financial statements has also been accounted for. As regards the explanatory notes, reference is made to the notes in the consolidated financial statements. The result on the sale of UOCG Market B.V. of € 271.9 has been included in the non-consolidated income statement as 'result participating interests'. Since it concerns a sale within the group, the sales result has been eliminated in the consolidation.

Senior Officials in the Public and Semi-Public Sector (Standards for Remuneration) Act (WNT)

(x €1)

On 1 January 2013, the Act for standardisation of publicly and semi-publicly financed remuneration of senior officials ('Wet normering bezoldiging topfunctionarissen publieke en semipublieke sector', or WNT) came into effect. This account has been drawn up on the basis of the relevant rules and regulations issued by OCW applicable to the UG.

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The maximum salary at the UG in 2017 is € 181,000. This applies in proportion to the duration and/or scope of the employment contract. With effect from 1 January 2017, a different standard applies during the first 12 calendar months for senior officials without an employment contract, both for the duration of the assignment and for the hourly rate.

All three senior officials of the University of Groningen fall under the statutory transitional regime WNT-1.

Regulation of the Minister of OCW of 10 November 2015, no. WJZ/798385 (10556), amending the Regulation on the remuneration of senior officials in sectors of OCW in connection with the introduction of the Act on lowering the maximum salary WNT.

On 19 December 2016, the Supervisory Board of the UG adopted the applicable salary bracket for senior officials at the UG for the calendar years 2016 and 2017. On 18 December 2017, the Supervisory Board adopted the WNT-salary brackets for calendar year 2018.

The new maximum salary in accounting reference period 2018 is € 187,000.

As regards the three-year average total benefits per calendar year, the UG meets the maximum number of 10 complexity points. As regards the three-year average of the number of subsidised students, the UG achieved 4 complexity points. As regards the weighted average of the types of education according to CROHO ((Central Register of Studies in Higher Education), the UG achieved 5 complexity points. In total, the UG thus achieved 19 complexity points and consequently falls into bracket G with a maximum salary of € 181,000 in accounting reference period 2017.

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		S. Poppema	J. de Jeu	E. Sterken
Job data		Chairman	Vice-Chairman	Rector Magnificus
Job commencement and termination date in 2017	01/01 - 31/12	01/01 - 31/12	01/01 - 31/12	01/01 - 31/12
Part-time factor in FTE	1.0	1.0	1.0	1.0
Former senior staff	no	no	no	no
(Fictitious) employment contract	yes	yes	yes	yes
Salary				
Salary plus taxable disbursements	209748.0	181135.0	181135.0	181135.0
Long-term benefits	19550.0	18599.0	18599.0	18599.0
Subtotal	229298.0	199734.0	199734.0	199734.0
Individually applicable maximum salary	181000.0	181000.0	181000.0	181000.0
- / - Amount unduly paid	n/a	n/a	n/a	n/a
Total salary	229298.0	199734.0	199734.0	199734.0
Reason why the overrun is permitted or not	Transitional law	Transitional law	Transitional law	Transitional law
Data 2016				
Job commencement and termination date in 2016	01/01 - 31/12	01/01 - 31/12	01/01 - 31/12	01/01 - 31/12
Part-time factor 2016 in FTE	1.0	1.0	1.0	1.0
Salary plus taxable disbursements	212263.0	178703.0	178703.0	178703.0
Long-term benefits	17288.0	16138.0	16138.0	16138.0
Total salaries 2016	229551.0	194841.0	194841.0	194841.0

List of all supervising senior staff

		T.H.J. Joustra	H.D. Post	W. Reehoorn
Contents	Job data Job commencement and termination date in 2017	Chairman 01/01 - 31/12	Member 01/01 - 31/12	Member 01/01 - 31/12
Supervisory Board report	Salary Salary	20000.0	15000.0	15000.0
Preface	Individually applicable maximum salary - / - Amount unduly paid	27150.0 n/a	18100.0 n/a	18100.0 n/a
1. Mission and vision	Total salary	20000.0	15000.0	15000.0
2. Positioning	Reason why the overrun is permitted or not	n/a	n/a	n/a
3. Research	Data 2016			
4. Education	Job commencement and termination date in 2016	01/01 - 31/12	01/01 - 31/12	01/01 - 31/12
5. Societal impact	Salary plus taxable disbursements	20000.0	15000.0	15000.0
6. Talent development	Long-term benefits	0.0	0.0	0.0
7. Facilities	Total salaries 2016	20000.0	15000.0	15000.0
8. Governance				
9. Continuity section	Job data Job commencement and termination date in 2017	Member 01/01 - 31/12	Member 01/01 - 31/12	
10. Analysis of annual results	Salary Salary	15000.0	15000.0	
Financial statements				
Independent auditor's report	Individually applicable maximum salary - / - Amount unduly paid	18100.0 n/a	18100.0 n/a	
Key figures and indicators for education	Total salary	15000.0	15000.0	
Appendices	Reason why the overrun is permitted or not	n/a	n/a	
	Data 2016			
	Job commencement and termination date in 2016	01/01 - 31/12	01/12 - 31/12	
	Salary plus taxable disbursements	15000.0	1250.0	
	Long-term benefits	0.0	0.0	
	Total salaries 2016	15000.0	1250.0	

Data when applicable standard is exceeded
Salaries of non-senior officials

	Professor	Dean	Professor
Job data			
Job commencement and termination date in 2017	01/01 - 31/12	01/01 - 31/12	01/01 - 31/12
Scope of employment contract (in FTE)	1.0	1.0	1.0
Salary			
Salary plus taxable disbursements	222650.0	177018.0	176446.0
Long-term benefits	16765.0	18482.0	18348.0
Total remuneration	239415.0	195500.0	194794.0
Individually applicable threshold amount of salary	181000.0	181000.0	181000.0
Mandatory motivation	Royalty payment	Supplementary salary	Supplementary salary
Data 2016			
Position(s) in 2016	Professor	Dean	Professor
Job commencement and termination date in 2016	01/01 - 31/12	01/01 - 31/12	01/01 - 31/12
Scope of employment contract (in FTE)	1.0	1.0	1.0
Salary plus taxable disbursements	215227.0	174482.0	169925.0
Long-term benefits	14309.0	15817.0	15767.0
Total salaries 2016	229536.0	190299.0	185692.0

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	Professor	Researcher
Job data		
Job commencement and termination date in 2017	01/01 - 31/12	01/01 - 31/12
Scope of employment contract (in FTE)	1.0	0.0
Salary		
Salary plus taxable disbursements	167461.0	181925.0
Long-term benefits	18213.0	0.0
Total remuneration	185674.0	181925.0
Individually applicable threshold amount of salary	181000.0	181000.0
Mandatory motivation	Supplementary salary	Royalty payment
Data 2016		
Position(s) in 2016	Professor	Researcher (*)
Job commencement and termination date in 2016	01/01 - 31/12	-
Scope of employment contract 2016 (in FTE)	1.0	-
Salary plus taxable disbursements	172322.0	0.0
Long-term benefits	15767.0	0.0
Total salaries 2016	188089.0	0.0

(*) Concerns a researcher who was paid through financial administration during the calendar year 2016, and is paid through the salary accounts department from 2017 onwards.

Explanatory notes

In accordance with Section 6 of the (amended) policy guidelines for the application of the WNT (Beleidsregels toepassing WNT), the UG does not report on external non-senior officials.

Other information

Results appropriation

The UG is a legal entity under the Higher Education and Academic Research Act and therefore has no statutes. There are therefore no special statutory provisions regarding the result appropriation.

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To: the Supervisory Board of the UG

Statement on the financial statements 2017 included in the annual report

Our opinion

We have audited the 2017 financial statements of the University of Groningen in Groningen.

In our opinion:

- the financial statements included in the annual report give a true and fair view of the financial position of the University of Groningen on 31 December 2017 and of the result for 2017 in accordance with the Annual Reporting Regulations for the Educational Sector;
- the income and expenditures recognized in the financial statements as well as the balance sheet mutations for 2017 have come about lawfully in all material aspects in accordance with the provisions included in the relevant legislation and regulations, as included in section 2.3.1 of the reference framework of the auditing protocol for the educational sector (OCW 2017).

The financial statements consist of:

- the consolidated and non-consolidated balance sheet as at 31 December 2017;
- the consolidated statement of income and expenditure for 2017;
- the explanatory notes with an overview of the accounting policies used and other explanatory notes.

The basis for our opinion

We conducted our audit in accordance with Dutch law, including Dutch auditing standards and the auditing protocol for the educational sector (OCW 2017). Our responsibilities in this context are described in the section Our responsibilities for the audit of the financial statements.

We are independent from the University of Groningen, as required by the Regulation on the independence of auditors in assurance engagements (Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten, or ViO) and other Dutch independence rules relevant to the assignment. In addition, we complied with the Regulation on the rules of conduct and the professional code for auditors (Verordening gedrags- en beroepsregels accountants, or VGBA).

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Materiality

Based on our professional opinion, we determined the materiality for the fairness of the financial statements as a whole at € 13.3 million. The materiality is based on 2% of total income. The materiality for financial regularity was set at € 14.4 million. This materiality is based on 3% of the total public funds, as prescribed in Section 2.1.3 (Materiality table of the auditing protocol for the educational sector, OCW 2017). In this section of the auditing protocol, a number of specific auditing and reporting tolerances were included, which we have applied.

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For this purpose, the materiality requirements as laid down in the Regulation Auditing Protocol WNT applicable to the year 2017 have been applied for the audit of the WNT information included in the financial statements. We have also taken into account misstatements and/or possible misstatements which, in our opinion, are material for the users of the financial statements for qualitative reasons.

We have agreed with the Supervisory Board that we will report misstatements above € 0.6 million to the Board during our audit, as well as smaller misstatements that are, in our opinion, relevant for qualitative or WNT reasons.

Scope of the group audit

The UG is at the head of a group of organizations. The financial information of this group is included in the financial statements of the University of Groningen. The group audit focused in particular on the important group components with significant risks regarding the valuation of projects. The consolidation scope of the UG consists of Applied NanoSystems B.V., RUG Houdstermaatschappij B.V., Stichting Academische Opleidingen Groningen and Stichting University Guesthouse Groningen. The group entities that are consolidated are not considered significant. At the University of Groningen, we carried out our own audit work and also made use of another auditor for carrying out the audit work in the framework of the teaching and research funds ('O&O funds').

As regards the other group entities included in the consolidation, we performed analytical reviews, given the size in relation to the significant entity.

Through the above activities in (group) entities, combined with additional work at group level, we obtained sufficient and appropriate audit evidence with regard to the financial information of the group to give an opinion on the financial statements.

The key points of our audit

In the key points of our audit we describe matters that we deemed, in our professional opinion, most important during our audit of the financial statements. We held discussions about these key points with the Supervisory Board, but they do not fully reflect all that has been discussed.

We have determined our audit activities with regard to these key points in the context of the financial statements audit as a whole. Our findings with regard to the individual key points should be considered in that context and not as separate opinions about these key points.

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Key point

Because of the size of this item compared to the balance sheet total, the valuation of tangible fixed assets has been a significant item in our audit approach and a key point in our audit. The item tangible fixed assets amounted to € 435.8 million at year-end 2017, or 46% of the balance sheet total.

The valuation of tangible fixed assets is done at the acquisition price or manufacturing price after deduction of straight-line depreciation over the estimated future useful life and with an impairment or residual value that is expected on the balance sheet date.

The explanatory notes to the tangible fixed assets have been included on pages 6, 9, 10, 17, 22, 26 of the financial statements of the University of Groningen.

Our audit approach

We use a fully data-oriented audit approach for auditing the tangible fixed assets.

Our audit work includes, among other things:

- Determining that the overview of mutations in the tangible fixed assets is consistent with the underlying administration.
- Carrying out data-oriented activities concerning (dis)investments to determine the accuracy and timeliness of the (dis)investments.
- Checking whether the applied principles and methodology for depreciation have been correctly recognized. For this purpose, we have recalculated the depreciation based on the applied methodology.
- Performing specific audit activities to determine the correct and complete recognition of the tangible fixed assets (existence).
- Determining whether there were indications of permanent impairment.

Important observations

We have no indications of a permanent impairment of tangible fixed assets that materially affects the financial statements.

We concluded that the item tangible fixed assets as per 31 December 2017 has been properly valued and explained in the financial statements 2017 in accordance with the Annual Reporting Regulations for the Educational Sector.

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Key point

In the financial statements 2017, the provisions for the environment (€ 12.0 million) and projects (€ 15.0 million) were included.

The extent of these provisions is based on certain assumptions, which are subjective by nature.

In our audit approach, we therefore recognized the following risk: Improper influence on the result for the financial year by the Board of the University (risk of management override) through adjustment of the assumptions in the calculation of the provisions for projects and the environment.

The explanatory notes to the environmental and project provision and the assumptions used, have been included on pages 4, 5, 8, 12 of the financial statements of the University of Groningen.

Our audit approach

We use a fully data-oriented audit approach to check the accuracy and adequacy of the environmental and project provision.

Our audit work included, among other things:

- Assessing the internal control environment of the UG.
- Checking the valuation of the provisions on the basis of the underlying documentation (such as the external report for the environmental provision and the business case for projects), and the accounting principles for the provision.
- Assessing, among other things, the expertise and independence of the external specialists involved, who carried out the survey and gave advice in the context of the environmental provision, and assessing the work they performed and the findings and conclusions based on this work.
- Comparing the current estimate of the provisions with the estimate of the previous year, in order to establish that the valuation is consistent.

Establishing that the assumptions used in the previous year were correct by performing back-testing.

Conducting reviews to be able to rely on the work performed by the other auditor.

Important observations

Based on our audit work, we conclude that the environmental and project provisions in the 2017 financial statements have been correctly and adequately valued in accordance with the Annual Reporting Regulations for the Educational Sector, taking into account the assumptions as included on page 8 of the financial statements.

Our backtesting work with regard to the environmental provision has shown that the assumptions have changed as a result of the update. In accordance with the Annual Reporting Regulations for the Educational Sector, this change has been regarded as a change in estimation method and has been explained as such on page 5 in the financial statements.

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Key point

The UG is involved in many and complex subsidized projects and work in progress projects (third parties) (hereafter: projects).

These projects are mainly research projects.

In the case of subsidised projects, the annual income depends on the costs incurred, as the revenues are recognized in proportion to the costs (or in proportion to the completion of the project). For the work in progress projects, the revenues are recognized on the basis of the 'percentage of completion'-method. According to this method, the actual costs are assessed in relation to the expected revenues and costs per project. The latter contains a substantial estimation element due to the complexity of the research and the related costs and expected revenues. As a result, we have identified the following fraud risk in our audit approach:

Incomplete/late allocation of costs to projects, resulting in an incorrect assessment of the status of the project and late recognition of the income from projects, as a result of which the projects are incorrectly/incompletely valued in the financial statements.

The explanatory notes to the work in progress have been included on pages 7, 8, 13 and 24 of the financial statements of the University of Groningen.

Our audit approach

We use a fully data-oriented audit approach to check the valuation of the projects in progress. Our audit work includes, among other things:

- Assessing the internal control environment of the UG.
- Checking the valuation of projects on the basis of the underlying source documentation, including the contracts/grant conditions.
- Performing detailed work on the recognized revenues and costs of projects.
- Determining whether the projects have been recognized in accordance with the accounting policies. Comparing the current estimate of the provisions with the estimate of the previous year, in order to establish that the valuation is consistent.
- Establishing that the assumptions used in the previous year were correct by performing back-testing.
- Conducting reviews to be able to rely on the work performed by the other auditor.

Important observations

We have concluded that the subsidized and work in progress projects (third parties) in the 2017 financial statements were valued correctly and in accordance with the Annual Reporting Regulations for the Educational Sector.

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Key point

The UG has corrected mistakes in the 2016 comparative figures and the 2016 opening capital and reserves, as explained on page 4 in the financial statements. The corrections concern the tuition fee items, the projects, the WGA provision and reclassifications for the items debtors, staffing expenses and other expenses. The risk is that these corrections may not have been properly recognized in the comparative figures for 2016.

Our audit approach

We use a fully data-oriented audit approach for checking the error corrections.

Our audit work includes, among other things:

- Assessing the method for calculating the error corrections.
- Performing detailed spot checks on specific projects regarding the recalculated revenues and costs of projects. Performing detailed work on the recalculated balance sheet positions as at 31 December 2016.
- Establishing that the error corrections have been adequately explained in the financial statements.
- Determining that the revenues and costs are correctly allocated to the projects each year in accordance with the accounting principles for the projects.

Important observations

We have concluded that the error corrections in the comparative figures for 2016 were properly recognized in the 2017 financial statements.

Appointment

We were appointed by the Supervisory Board as auditor of the University of Groningen on 4 November 2016, after a European tendering procedure. The appointment took effect from that date and included the financial year 2016. We have been the external auditor since that date.

Statement on the other information included in the annual report

In addition to the financial statements and our auditor's report, the annual report also includes other information, consisting of:

- the management report;
- the other information.

Based on the activities specified below, we believe that the other information:

- is compatible with the financial statements and does not contain any material misstatements;
- contains all information that is required on the basis of the Annual Reporting Regulations for the Educational Sector and paragraph 2.2.2 Management report of the auditing protocol for the educational sector (OCW 2017).

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

Our audit work complies with the requirements in the Annual Reporting Regulations for the Educational Sector, paragraph 2.2.2 Management report of the auditing protocol for the educational sector (OCW 2017), and the Dutch Standard 720. This work does not have the same depth as our audit work on the financial statements.

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Description of responsibilities with regard to the financial statements

Responsibilities of the Board of the University and the Supervisory Board with regard to the financial statements

The Board of the University is responsible for the preparation and fair presentation of the financial statements, in accordance with the Annual Reporting Regulations for the Educational Sector. The Board of the University is also responsible for the lawful realization of the income and expenditure recognized in the financial statements, as well as the balance sheet mutations, in accordance with the provisions included in the relevant legislation and regulations.

In this context, the Board of the University is also responsible for the internal controls it deems necessary to enable the preparation of the financial statements and to comply with said relevant rules and regulations, without material misstatements due to errors or fraud.

When preparing the financial statements, the Board of the University must consider whether the educational institution is able to ensure continuity of its educational activities. Based on the aforementioned reporting system, the Board of the University must prepare the financial statements on the basis of the 'continuity of operations' assumption, unless the Board of the University intends to

to liquidate the educational institution or end the activities, or if termination is the only realistic alternative. The Board of the University must explain any events and/or circumstances that could lead to reasonable doubts about whether the educational institution is able to ensure the continuity of its operations.

The Supervisory Board is responsible for supervising the educational institution's process of financial reporting.

Our responsibilities for the audit of the financial statements

Our responsibility is to plan and execute an audit assignment in such a way that we obtain sufficient and appropriate audit evidence for the audit opinion we are expected to give.

Our audit has been carried out with a high, but not absolute level of assurance. Hence, it is possible that we have not discovered all material errors and fraud during our audit.

Misstatements may arise as a result of errors or fraud and are material if it can reasonably be expected that they may individually or jointly influence the economic decisions that users make on the basis of these financial statements.

The materiality influences the nature, timing and extent of our audit activities and the evaluation of the effect of identified misstatements on our opinion. A more detailed description of our responsibilities is included in the annex to our auditor's report.

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Groningen, 28 June 2018

Ernst & Young Accountants LLP

<signed> D.E. Engwerda RA

Annex to the auditor's report

We have performed this audit professionally and critically and have, where relevant, exercised our professional judgement in accordance with the Dutch auditing standards and the auditing protocol for the educational sector (OCW 2017), ethical rules and independence requirements. Our audit included:

- Identifying and assessing the risk that the financial statements contain material misstatements due to errors or fraud, or that the income and expenditures and balance sheet mutations were generated unlawfully; determining the auditing response to these risks and conducting audit activities and obtaining audit information that is sufficient and appropriate to provide a basis for our audit opinion. In the event of fraud, the risk that a material misstatement is not detected is greater than when errors occur. Fraud can involve collusion, forgery, deliberate failure to record transactions, deliberately misrepresenting things or breaching internal controls.
- Obtaining an understanding of the internal controls relevant to the audit with the aim of selecting audit procedures that are appropriate under the circumstances. These activities do not aim to express an opinion on the effectiveness of the internal management of the educational institution.
- Evaluating the appropriateness of the accounting policies and financial regularity criteria used, and evaluating the reasonableness of accounting estimates by the Board of the University and the explanatory notes thereto in the financial statements.
- Establishing if the assumption of continuity of operations used by the Board of the University is acceptable. Also determining, on the basis of the audit evidence obtained, whether there are events and circumstances that could lead to reasonable doubts whether the educational institution is able to ensure continuity of operations. If we conclude that there is a material uncertainty, we are obliged to draw attention in our auditor's report to the relevant related disclosures in the financial statements. If the explanatory notes are inadequate, we need to adjust our report. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or circumstances may result in an institution no longer being able to maintain its continuity.
- Evaluating the presentation, structure and content of the financial statements and the explanatory notes contained therein.
- Evaluating whether the financial statements give a true and fair view of the underlying transactions and events and whether the revenues and expenditures recognized in the financial statements and the balance sheet mutations have come about lawfully in all material aspects.

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Given our ultimate responsibility for the opinion, we are responsible for the management, supervision and execution of the group audit. In this context, we have determined the nature and scope of the work to be carried out by the group entities. The decisive factor in this respect is the size/extent and/or risk profile of the group entities or the activities. On this basis, we selected the group entities that required an audit or review of the entire financial information and those that required an audit of specific items.

We communicated with the Supervisory Board about, among other things, the planned scope and timing of the audit and about the significant findings that emerged from our audit, including any significant deficiencies in internal controls.

We confirmed to the Supervisory Board that we have complied with the relevant ethical requirements regarding independence. We also communicated with the Supervisory Board about all relationships and other matters that may reasonably affect our independence and about the related measures to ensure our independence.

We determined the key points of our audit of the financial statements on the basis of all matters we discussed with the Supervisory Board. We described these key points in our auditor's report, unless this was prohibited by law or regulation or in exceptionally rare circumstances when not mentioning them would have been in the interest of the general public.

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Indicators of financial position

		2017	2016
Solvency 1	$\frac{\text{equity}}{\text{total equity}}$	0.64	0.66
Solvency 2	$\frac{\text{equity} + \text{provisions}}{\text{total equity}}$	0.69	0.71
Liquidity (current ratio)	$\frac{\text{current assets}}{\text{short-term borrowed capital}}$	1.66	1.66
Liquidity (quick ratio)	$\frac{\text{current assets excluding inventories}}{\text{short-term borrowed capital}}$	1.66	1.66
Profitability (gross margin)	$\frac{\text{result from ordinary business operations}}{\text{total income from ordinary business operations}} \times 100\%$	2.3%	1.1%
Other indicators			
Capitalization factor	$\frac{\text{total capital} -/- \text{buildings and premises}}{\text{total income} + \text{interest income}}$	87.25	85.73
Staffing expenses / total expenses	$\frac{\text{Staffing expenses}}{\text{total expenses from ordinary business operations}} \times 100\%$	67.7%	67.9%
General reserve / income	$\frac{\text{general reserve}}{\text{total income from ordinary business operations}} \times 100\%$	86.1%	89.0%
Equity / income	$\frac{\text{equity}}{\text{total income from ordinary business operations}} \times 100\%$	90.8%	90.8%
Provisions / income	$\frac{\text{provisions}}{\text{total income from ordinary business operations}} \times 100\%$	7.6%	7.0%

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		2017	2016
	Government funding / income	$\frac{\text{government funding} + \text{other government contributions}}{\text{total income from ordinary business operations}} \times 100\%$	56.6%
	Other government contributions / income	$\frac{\text{other government contributions}}{\text{total income from ordinary business operations}} \times 100\%$	0.0%
	Investments in accommodation / income	$\frac{\text{investment in buildings and premises}}{\text{total income from ordinary business operations}} \times 100\%$	-0.1%
	Investments (inventory + equipment) / income	$\frac{\text{investment in inventory and equipment}}{\text{total income from ordinary business operations}} \times 100\%$	2.8%
	Working capital / income	$\frac{\text{current assets} - \text{short-term borrowed capital}}{\text{total income from ordinary business operations}} \times 100\%$	28.7%
	Investments (relative to Equity)	$\frac{\text{securities}}{\text{equity}} \times 100\%$	3.1%
	Contract activities / income	$\frac{\text{Income from work commissioned by third parties}}{\text{total income from ordinary business operations}} \times 100\%$	24.0%
	Contract activities / government funding	$\frac{\text{Income from work commissioned by third parties}}{\text{government funding}} \times 100\%$	42.3%
	Tuition fees / income	$\frac{\text{tuition fees}}{\text{total income from ordinary business operations}} \times 100\%$	9.8%
	Financial income / expenditure	$\frac{\text{financial income}}{\text{total income from ordinary business operations}} \times 100\%$	0.1%
	Receivables / income	$\frac{\text{receivables}}{\text{total income from ordinary business operations}} \times 365 \text{ days}$	112
	Short-term debts / income	$\frac{\text{short-term debts}}{\text{total income from ordinary business operations}} \times 365 \text{ days}$	159

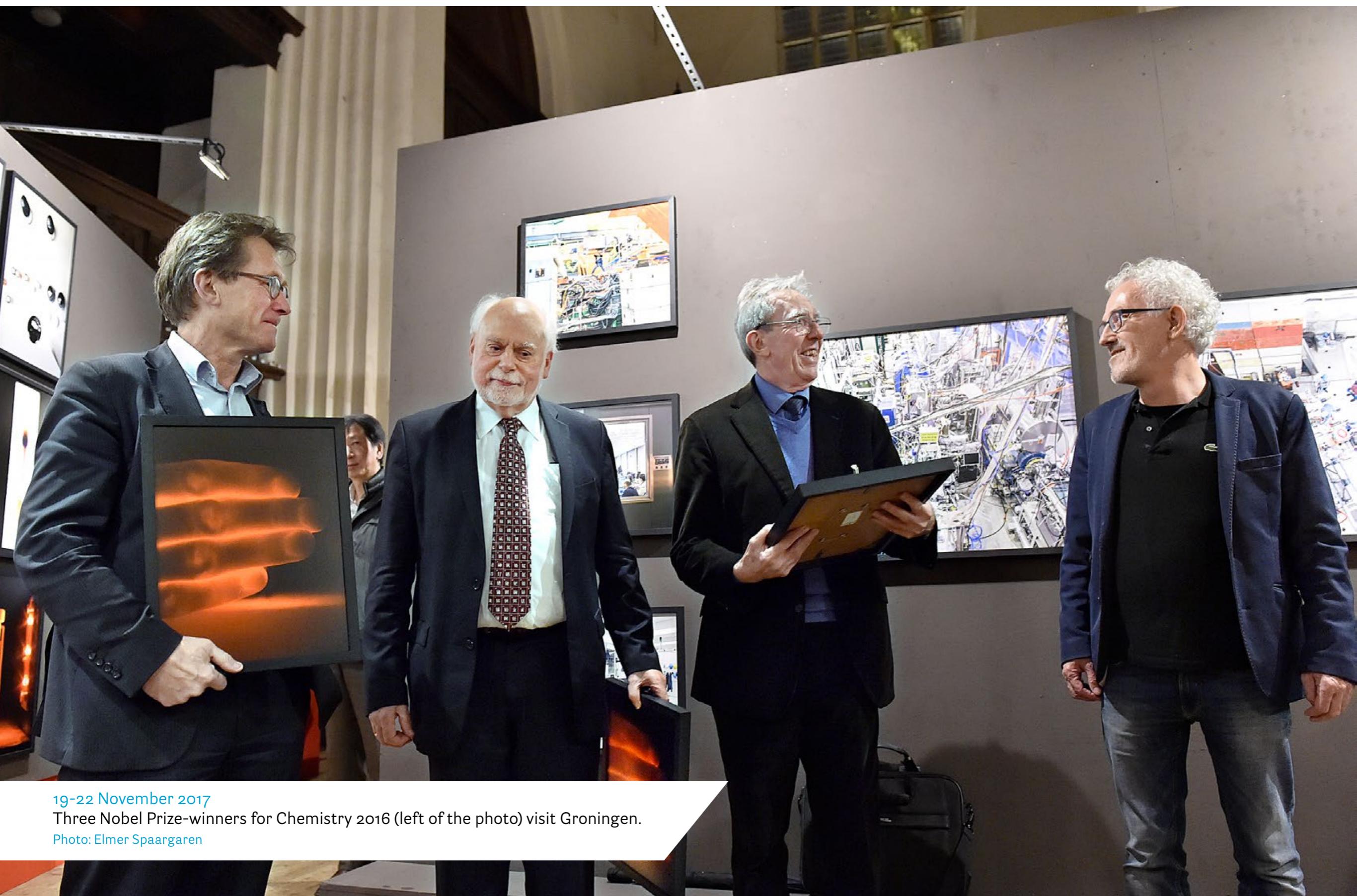
Strategic key figures

Contents	ACADEMIC YEAR	2017-2018	2016-2017	2015-2016	2014-2015	2013-2014
Supervisory Board report						
Preface	Students					
1. Mission and vision	Total	29,702	28,875	28,244	28,324	27,488
2. Positioning	UG market share in the Netherlands	10.5%	10.8%	10.8%	11.0%	10.9%
3. Research	Of which with foreign nationality	5,692	4,900	4,104	3,642	3,244
4. Education	Percentage of foreign nationalities at UG	19.2%	17.0%	14.5%	12.9%	11.8%
5. Societal impact	Registration forms					
6. Talent development	Full-time	29,227	28,376	27,708	27,693	26,790
7. Facilities	Part-time	429	456	491	591	656
8. Governance	Dual	46	43	45	40	42
9. Continuity section	Registrations per education phase					
10. Analysis of annual results	Propaedeutic phase	8,692	7,745	7,447	7,921	7,945
Financial statements	Bachelor's students	11,249	11,499	11,244	11,073	10,676
Independent auditor's report	Master's students	9,761	9,631	9,553	9,330	8,867
Key figures and indicators for education	Intake of first-year students at UG					
	Bachelor's students	6,376	5,855	5,463	5,781	5,800
	Master's students	869	987	874	818	832
	Total	7,245	6,842	6,337	6,599	6,632
	Market share	9.1%	9.4%	9.4%	9.9%	10.1%
Appendices	Funding					
	Funded registrations	18,189	17,628	17,589	17,786	17,476
	Funded degrees not yet known	7,581	7,579	7,435	7,574	7,369
	Achieved degrees					
	Propaedeutic phase	n/a	3,981	4,311	4,444	4,344
	Bachelor's students	n/a	4,258	4,060	4,186	4,093
	UG market share	n/a	11.8%	11.5%	11.7%	12.2%
	Master's students	n/a	4,203	4,014	4,166	3,889
	UG market share	n/a	9.7%	9.6%	10.2%	10.2%

	CALENDAR YEAR	2017	2016	2015	2014	2013
Contents	Research					
	Academic staff (WP) in FTE (sum of all three funding streams)	n/a	1,831	1,977	1,962	1,944
	UG market share	n/a	8.8%	9.1%	9.3%	9.4%
	PhD theses	502	535	501	443	447
	UG market share	n/a	10.8%	10.6%	9.6%	10.0%
Supervisory Board report	Academic publications (excl. PhD theses)	7,016	6,880	7,048	6,938	6,261
	UG market share	n/a	10.1%	10.2%	10.1%	8.9%
Preface	NWO grants	n/a	19	30	15	26
	UG market share (13 universities)	n/a	7.9%	12.0%	7.0%	10.0%
1. Mission and vision	University of Groningen employees (excl. UMCG; FTE)					
2. Positioning	Academic staff	2,296	2,302	2,289	2,230	2,130
3. Research	UG market share	11.5%	9.3%	9.5%	9.4%	9.1%
4. Education	Non-Dutch nationals	940	909	879	828	761
5. Societal impact	Admin/support staff	1,809	1,711	1,693	1,644	1,593
6. Talent development	UG market share	12.5%	9.7%	9.7%	9.6%	9.4%
7. Facilities	Non-Dutch nationals	91	73	66	50	38
8. Governance	Professors	294	285	276	265	271
9. Continuity section	UG market share	13.8%	10.8%	10.6%	10.5%	10.7%
10. Analysis of annual results	Associate Professors	244	242	237	223	210
Financial statements	UG market share	13.26%	10.74%	11.08%	10.65%	10.08%
Independent auditor's report	Assistant Professors	438	409	392	377	361
Key figures and indicators for education	UG market share	11.6%	8.4%	8.4%	8.3%	8.1%
Appendices	Employed PhD students	737	778	810	801	738
	UG market share	10.8%	9.4%	9.9%	9.8%	9.1%
	Non-Dutch nationals	359	372	395	378	343
	Other academic staff	583	588	575	564	551
	UG market share	10.7%	8.6%	8.6%	8.7%	8.8%
	Other staff	24	25	0	20	22
	UG market share	45.5%	41.6%	0.0%	34.8%	34.3%

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KALENDERJAAR	2017	2016	2015	2014	2013
UMCG employees (FTE)					
Academic staff	1005	1051	1025	1015	988
Non-Dutch nationals	254	228	207	201	206
Admin/support staff	614	581	565	557	550
Non-Dutch nationals	15	16	14	13	11
Professors	65	65	67	63	59
Employed PhD students	418	446	416	422	395
Non-Dutch nationals	153	135	125	121	123
Other PHD students					
Contract PhD students	774	642	565	549	542
Non-Dutch nationals	544	481	433	414	401
External PhD students	293	326	347	338	340
Non-Dutch nationals	119	121	125	117	120
Status unknown	2	3	3	4	6



19-22 November 2017

Three Nobel Prize-winners for Chemistry 2016 (left of the photo) visit Groningen.

Photo: Elmer Spaargaren

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Overview of central organizations

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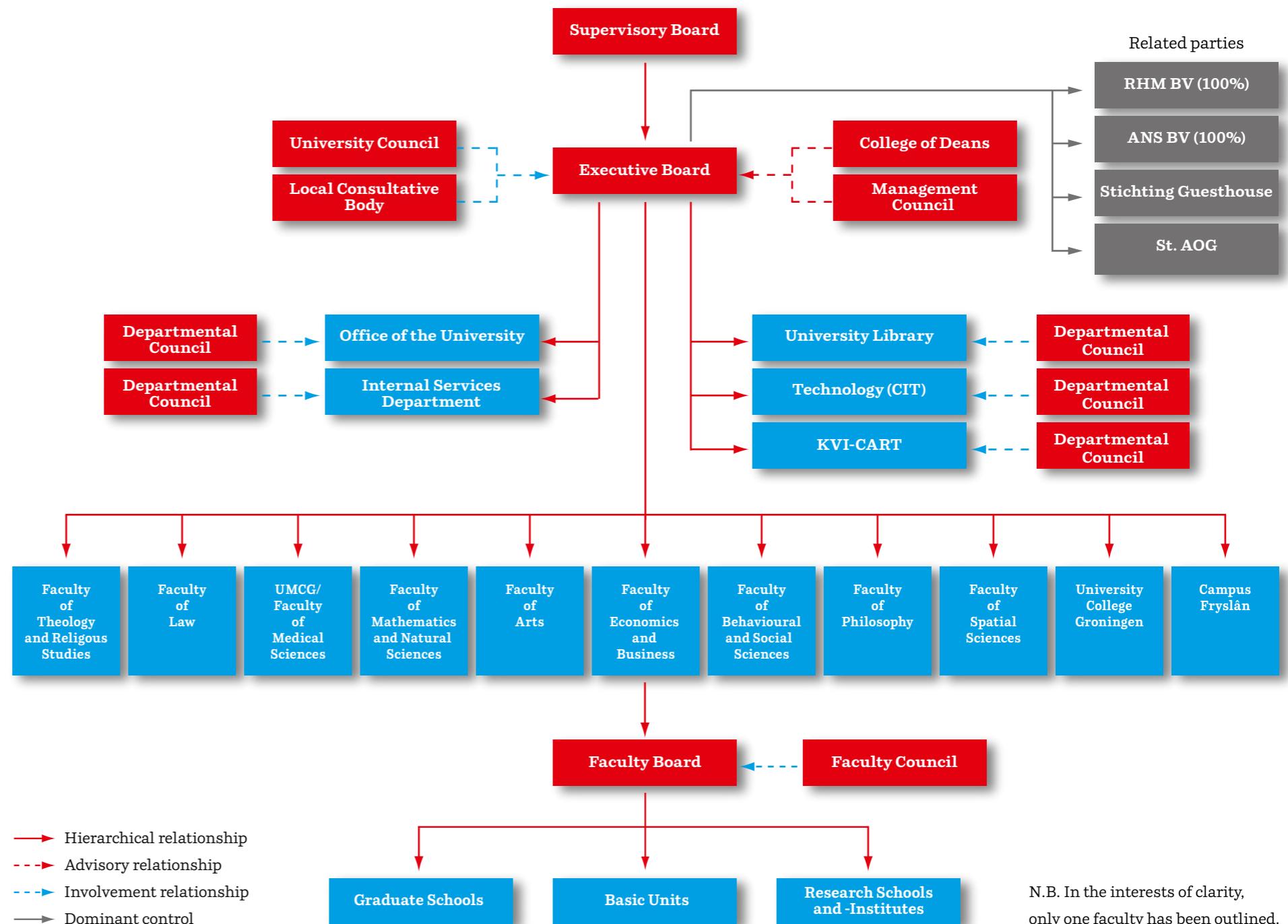
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I. Members of the Board of the University

Prof. S. Poppema (President)

Sibrand Poppema (1949) studied Medicine at the University of Groningen. He then trained as an anatomical pathologist and gained his PhD at the UG. His experience abroad includes a period spent as a research fellow in Kiel (Germany) and Boston, Massachusetts. In 1985 he was appointed Professor of Immunopathology at the University of Groningen. He spent the period between 1987 and 1995 in Canada, as Professor of Pathology and Oncology at the University of Alberta and as Director of various departments of the Cross Cancer Institute in Edmonton. In 1995 he became Professor of General and Surgical Pathology at the University of Groningen. From 1999 to 2005 he was Dean of the Faculty of Medical Sciences, and he became Vice President of the University Medical Center Groningen (UMCG) after its establishment in 2005. In 2008 he was appointed President of the Board of the University of Groningen.

Prof. E. Sterken (Rector Magnificus)

Elmer Sterken (1961) studied Econometrics at the University of Groningen and graduated cum laude (with honours). In 1990 he was also awarded his PhD in Groningen, for a thesis entitled 'DUFIS. An econometric model of the Dutch financial system.' He subsequently pursued an academic career at the University of Groningen and was appointed professor-director of the National Network for Business Economics in 1994. In 1996 he was appointed Professor of Monetary Economics at the University of Groningen. He has also been visiting professor at universities in Germany (Munich), Japan (Osaka and Kobe) and the USA (New Haven and Atlanta). From 2008 to 2011, Sterken was Dean of

the Faculty of Economics and Business. In 2011, he was appointed Rector Magnificus of the University of Groningen.

J. de Jeu, MA, MSc (Vice President)

Jan de Jeu (1955) graduated in Philosophy (1981) and Educational Sciences (1983) at the University of Groningen. In 1988/89 he participated in the Executive Development Programme in Business Administration at Erasmus University Rotterdam and in 1998 in the Senior Executive Programme at the London Business School. De Jeu began his career in management positions at PTT Nederland (Netherlands Postal and Telecommunications Services) and PTT Post (1984-1993). He then worked as Sector Manager of Facilities and Services at the Martini Hospital in Groningen (1993-2000). In 2000 he became a managing partner of Twynstra Gudde Consultants and Managers in Amersfoort. In 2008, he was appointed Director of Twynstra Gudde Holding. In January 2012 he joined the Board of the University of Groningen. He is responsible for finance, accommodation and real estate, technology transfer, public private partnerships, commercial activities and IT.

II. Members of the Supervisory Board

T.H.J. Joustra (Chair)

Tjibbe Joustra (1951) studied Dutch law at the University of Groningen from 1970 to 1975. He began his career at the Ministry of Agriculture, Nature and Food Quality. He was appointed Secretary-General of the Ministry in 1987. From 2002 to 2004, he was Chairman of the Executive Board of the Institute for Employee Benefit Schemes (UWV,Uitvoeringsinstituut Werknemersverzekeringen). After this, he was the Dutch National Antiterrorism Coordinator



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for five years. From 2009 to 2011, he was Chairman of the Horticulture Board (Productschap Tuinbouw) and other organizations. On 1 February 2011 he was appointed chairman of the Dutch Safety Board (Onderzoeksraad voor Veiligheid).

H.D. Post

Harm D. Post (1953) began his career in 1976 at the South Holland provincial authority, where he worked on traffic and transport policy in South Holland. From 1978 he held various management positions at Hanze Vervoer- en Techniekgroep in Groningen: he was Director of GADO (the Groningen bus company), GADO Touring (the Groningen coach company) and the taxi company GadoTax. He also worked for the owner of these companies in Ukraine. Harm Post then became Director of NoordNed Personenvervoer B.V., a new bus and train operator owned by the UK-based transport multinational Arriva. In June 1999, under Post's leadership, NoordNed won the first public tender for railway lines in the province of Groningen. Since 2001 Post has been director of Groningen Seaports, the company that manages two seaports, two inland ports and a railport. On 1 October 2017, he resigned from that position. Meanwhile, he has joined a Steering Committee that is tasked with promoting business activities around Groningen Airport Eelde. He has always engaged in many administrative activities in addition to his work. For example, he is currently Chair of the Groningen Commercial Club (CCG), Honorary Consul for Norway, member of the Supervisory Board of the Noord Nederlands Toneel (NNT) theatre company and Chairman of the 'Friends of the Beatrix Children's Hospital'.

W. Reehoorn

Wietze Reehoorn (1962) studied Dutch law at the University of Groningen. He began as a trainee at ABN AMRO in 1989 and went on to hold senior management positions in Wholesale, Commercial & Corporate Banking and Risk Management. In 2000, he was appointed Corporate Executive Vice President. In 2001 he joined the management team of Business Unit Nederland and in 2002 he became Head of Corporate Development at ABN AMRO Groep NV. In 2004 he again joined the management team of Business Unit Nederland and later became Head of Commercial & Corporate Banking.

After ABN AMRO was taken over by a consortium of banks in 2007, Reehoorn became CEO of Merchant Banking in the Netherlands. In 2009, he joined the transition team for the integration of ABN AMRO and Fortis Bank Nederland. In 2010 he was appointed Chief Risk Officer (responsible for Risk Management & Strategy, including Corporate Development & Investor Relations) on the Managing Board of ABN AMRO Group NV, ABN AMRO Bank NV and Fortis Bank (Nederland) NV (part of ABN AMRO Bank NV since 1 July 2010). Wietze Reehoorn stood down from the Managing Board of ABN AMRO at the end of 2017 after nine years and left the bank on 1 July 2018.

A.S. Roeters

Annette Roeters (1954) was appointed general director of the Child Care and Protection Agency on 1 February 2015. Before this she was Senior Chief Inspector of the Netherlands Inspectorate for Education, part of the Ministry of Education, Culture and Science (2008-2015). She was also a member of the Executive Board of VU University Amsterdam and Vice President and member of the Executive Board of Windesheim University of Applied Sciences. Annette Roeters studied Dutch Language and Literature at the University of Groningen, and graduated with a doctoraal degree in 1982.

H.J.E. van Balen

Heleen van Balen (1964) studied Law at the University of Groningen. She specializes in strategic legal management, higher education management and development, and Governance, Risk Management and Compliance (GRC). Heleen van Balen is the proprietor of Commutatio Group B.V. and Frijlande B.V., an institute for privacy management. She is also a lecturer in Leadership and Governance at the Hanze UAS Groningen. Heleen van Balen has extensive experience in governance and management. Ms van Balen is the Chair of the Giraffa network and Vice Chair of the Groningen Commercial Club (CCG). She is also a member of the Board of Het Behouden Huys. In the Supervisory Board, she is the member with the particular trust of the University Council.

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III. Terms of office

The Board of the University

Administrator	Position	Start of appointment	End of appointment
S. Poppema J. de Jeu E. Sterken	President Vice President Rector Magnificus	1 September 2008 1 January 2012 1 March 2011	1 October 2018 1 January 2020 1 March 2019

Supervisory Board

Board member	Position	Start of appointment	End of appointment
T.H.J. Joustra	Chair	1 September 2012	1 September 2020
H.D. Post	Member	1 March 2013	1 March 2021
W. Reehoorn	Member	1 January 2014	1 January 2022
A.S. Roeters	Member	1 November 2015	1 November 2019
H.J.E. van Balen	Member	1 December 2016	1 December 2020

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Other positions held

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The Board of the University

President of the Board of the University

Organization	Paid
Chair of the General Board	no
Chair of the Supervisory Board	no
Chair of the Foundation Board	no
Member of the Supervisory Board	no
Member of the Supervisory Board	no
Chair of the Executive Committee	no
Vice Chair of the General Board	no
Member of the Steering Committee	no
Member of the Board	no
Member of the Council	no
Member of the Board	no
Vice Chair	no
Member	no
Member	no
Chair	no
Member	yes(UG)
Member of the Board	no
Member of the Taskforce	no
Member of the Supervisory Board	yes (UG)
Chair of the Audit Committee	yes (UG)
Member of the International Supervisory Board	no
Member of the Board	no
Member of the Board	no
Member of the Board	no
Member of the Board of Participants	no
Member	no
Honorary Consul-General	yes (UG)
Member of the Advisory Board	no
Energy Delta Institute	no
Netherlands Energy Research Alliance	no
Association of Arab and European Universities	no
European Medical School Oldenburg-Groningen	no
M2i Materials innovation institute	no
Netherlands Academy of Technology and Innovation (AcTI)	no
Republic of Korea	yes (UG)
Institute for Cultural Diplomacy, Studies section	no

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Organization	Paid
Berlin Institute of Health	no
Manipal Global Education Services	no
Alliance for Healthy Ageing (with Mayo Clinics)	no
International Trade & Investment Centre	no
Vice President of the Board of the University	
Member of the Supervisory Board	no
Chair of the Supervisory Board	no
Vice Chair of the Board	no
Member of the Board	no
Member of the Board	no
Member of the Board	no
Vice Chair of the General Board	no
Member	no
Member of the Board	no
Member of the Board	no
Member of the Supervisory Board	no
Member of the Supervisory Board	no
Chair of the Board	no
Member of the Steering Committee	no
Member of the Supervisory Board	no
Member	no
Member of the Supervisory Board	no
In a personal capacity	
Chair of the Supervisory Board	no
Member of the Supervisory Board	yes
Rector Magnificus	
Member of the Supervisory Board	no
Secretary-Treasurer on the Board	no
Chair of the Board	no
Member	no
Member	no
Member of the General Board	no
Member of the Supervisory Board	no
Chair of the Investment Advisory Committee	no
Chair of the Supervisory Board	no
TKP Investments	yes
Public Further Education Foundation Teaching	yes

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Supervisory Board

T.H.J. Joustra

Chair
Chair
Chair
Chair of the Advisory Board
Member of the Advisory Board
Member of the Board
Chair
Chair of the Supervisory Board

Dutch Safety Board
National Library of the Netherlands
Dutch Milk Foundation
G4S Group
Dutch Data Protection Authority
Society and Safety Foundation
Personal Injury Council
Floriade Almere 2022 BV

H.D. Post

Chair
Chair
Director
Member of the Supervisory Board
Member of the Supervisory Board
Chair
Secretary
Member of the Board
Member of the Supervisory Board
Chair of the Supervisory Board
Chair
Honorary Consul
Member of the Board
Member of the Board
Advisor
Member of the Board

Groningen Commercial Club
Heuvelman Ibis
Lauwersoog Operating Company
Port of Harlingen
AG Ems
Friends of the Beatrix Children's Hospital
KinderboekenHuis
Friends of Opmaat
North Netherlands Theatre Company, Groningen
Special Business Locations Groningen (part of Foundation for Ancient Churches)
Maggie's Foundation, Netherlands
Norway in the three northern provinces of the Netherlands
Perspective for Groningen 2025
Social Impact Day Groningen
Wad Sustainable Foundation
Northern Culture Fund

W. Reehoorn

Chair of the Supervisory Board
Member of the Supervisory Board
Member/Director
Member of the Board
Member of the Supervisory Board

TopsportCommunity
Frans Hals Museum
Royal Holland Society of Sciences and Humanities (KHMW)
Abe Bonnema Foundation
Amsterdam Institute of Finance

A.S. Roeters

Member and Chair
Member of the Board
Member of the Advisory Board
Member

Council for Dutch Language and Literature (Dutch Language Union)
Widow Funds Foundation
Societal advisory council Dynamics of Youth
Sounding board group to the Sorgdrager Committee (Fipronil)

H.J.E. van Balen

Director/owner
Director/owner
Lecturer
Chair
Vice Chair
Member of the Board
Member of the Board

Commutatio Group B.V.
Frijlande B.V.
Hanze UAS Groningen
Giraffa Netwerk, ZorgpleinNoord
Groningen Commercial Club
Assagioli Foundation
Friends of the Behouden Huys Foundation

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Colofon

Publisher

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Photography (unless otherwise stated)

Michel de Groot

Design

Dorèl Extra Bold, Groningen

Publication

Groningen, 30 June 2018

