

FINANCIAL REPORT 2019

SHORT VERSION



Report of the Board of Trustees

Management report

Tourism is much more than simply sun, sea and sand. For many people in the world it is the key to a more secure and prosperous life. At TUI Care Foundation we are well aware of the travel industry's power to create change. We are also aware, however, that tourism can bring challenges for both man and nature. With our work we want to strengthen the positives that global tourism brings for people and the environment in destinations worldwide and we want to work on solutions to the challenges.

In the year 2019 TUI Care Foundation has further developed its portfolio and has taken steps to align its organizational structure with the needs of a growing corporate foundation on an international scale. Along with the start of a number of new projects the foundation also further strengthened its links to key stakeholders, especially within the media and the political landscape, while aiming to further broaden the foundation's donation income. The positive development of both donation income and media presence underline these efforts. This report gives an overview on the current state of the foundation and major developments in 2019 – another year of continued growth for the foundation.

Our Mission and Values

TUI Care Foundation builds on the potential of tourism as a force for good by supporting and initiating partnerships and projects that create new opportunities for the young generation and contribute to thriving destinations all over the world.

By connecting holidaymakers to good causes, we foster education and the wellbeing of children and youth, the protection of nature and the environment, and the positive impacts of tourism on people and places in destinations worldwide.

TUI Care Foundation 'works global and acts local'. Through strong partnerships with local and international organizations and by making it easy for holidaymakers to make a difference by contributing to good causes in their holiday destinations, we aim to create meaningful and long-lasting impact. Involving holidaymakers in our work we are encouraging them to make a positive difference in the destinations they travel to.

We focus on solutions rather than problems and strongly believe that tourism can have beneficial effects on social and economic development especially in developing regions of the world: it brings people together and fosters cultural understanding and solidarity; it transfers knowledge and prosperity; and it is an important driver for social development.

Ways of Working

TUI Care Foundation's approach is developed to deliver impact on the UN Sustainable Development Goals (SDGs). Our focus is on contributing to the empowerment of young people, the protection of the natural environment and the development of thriving destinations. The way we do that is through our programmes and partners whilst involving holidaymakers. Furthermore, as the corporate foundation of TUI Group, we aim to make use of the expertise, knowledge and infrastructure of the world's leading tourism business.

TUI Care Foundation supports and initiates projects that fit the strategic framework and fulfill the project and partner criteria. We build on strong partnerships with local and international organizations to create meaningful and long lasting impact. Therefore, we support different kinds of organizations: from well established, global NGOs to small nonprofits, small entrepreneurs and start-ups. All around the world we see engaged individuals with creative ideas and innovative solutions to the challenges their communities are facing. TUI Care Foundation is opening up perspectives for these individuals, empowering their organizations to make a difference for the communities they live in.

TUI Care Foundation focuses on defined priority destinations. The selection of fields of engagement and programmes is based on the socio-economic development stage of countries worldwide in combination with the potential of cooperation with partners on the ground in order to maximize the impact of our projects. After all the strength of TUI Care Foundation lies in the combination of financial support and access to local tourism networks and industry expertise.

TUI Care Foundation refers to the Sustainable Development Goals of the United Nations (SDGs) to assess the relevance of our activities. The strategic plan of the foundation has a direct or indirect link to all 17 SDGs. Our strategic plan contributes directly to: SDG 1 No poverty, SDG 2 Zero hunger, SDG 4 Quality education, SDG 5 Gender equality, SDG 8 Decent work and economic growth, SDG 9 Industry, innovation and infrastructure, SDG 11 Sustainable cities and communities, SDG 12 Responsible consumption and production, SDG 13 Climate action, SDG 14 Life below water, SDG 15 Life on land and SDG 17 Partnerships for the goals.

Our Strategic Ambitions at the end of 2019

In 2017 TUI Care Foundation defined ambitions in the Strategic plan 2017-2020 'Caring for a Better World'. Based on this strategical framework we have further developed the Foundation's activities in 2019:

Improving the life chances of over 100,000 children and youth

In order to enable children and youth to reach their full potential, we will invest in education and life skills for young people, boys and girls. It is important for us that disadvantaged children and youth living in or around our holiday destinations and in countries where TUI operates, live in a safe environment and have access to inclusive and equitable education, job opportunities and activities, which empower them to have better life chances. Feeding into this overarching objective are three of the foundation's programmes: The TUI ACADEMY programme focuses on professional education and training which creates new opportunities for disadvantaged, young people living in and around holiday destinations. The TUI JUNIOR ACADEMY programme gives young children better opportunities in life. The programme has a special focus on environmental education and aims to give children the chance to get involved in important sustainability issues like biodiversity, climate change, animal welfare, waste management and human rights. The TUI FUTURE FUND focuses on emergency relief for children and youth in need when a disaster strikes.

In 2019 TUI Junior Academy projects continued in Cape Verde (on Sal and Boa Vista), Mexico (Riviera Maya and Cancun), Curacao, the UK, Thailand and South Africa. The TUI Junior Academy in South Africa was extended while a new initiative was developed and launched in the Dominican Republic. Together with mentor International an initiative in Germany, Sweden and Jordan was launched under the TUI Junior Academy umbrella. Young disadvantaged women and men continued to benefit from TUI Academies in the Dominican Republic, Zanzibar and Vietnam. A new TUI Academy was launched in Greece in early autumn 2019 and another TUI Academy launched in Sri Lanka at the end of 2019. Furthermore a number of TUI Academies were approved by the Board of Trustees in 2019 and are scheduled to be launched in 2020 (Egypt, Thailand, Morocco).

Protecting the welfare of over 1 million animals

Many endangered species play a vital role for their ecosystems and for people as cultural icons and livelihoods for communities. Unfortunately, marine species and elephants are threatened by unsustainable development and impacted by climate change. TUI TURTLE AID supports turtle protection projects and awareness raising activities in holiday destinations. TUI ELEPHANT AID focuses on building an elephant friendly future and safeguarding elephant populations in Africa and Asia.

2019 was a year of transition for the nature and environment pillar of the Foundation. In late summer recruiting for a programme head was started with a new Head of Environmental Programmes due to start in the first half of 2020. The new programme lead will further develop TUI Care Foundation's nature and environment initiative based on a sound strategical framework.

In 2019 the joint TUI Elephant Aid project with World Animal Protection was brought to an end. The joint TUI Elephant Aid project with IFAW continued in Kenya. As part of the TUI Turtle Aid programme partnerships in Turkey and in Greece as well as on the Cape Verdean islands of Sal and Boa Vista were continued. The TUI Turtle Aid project on Sal was extended.

Participating in 10 innovative destination projects to save resources

To safeguard destinations, natural resources have to be used efficiently. Therefore with the TUI CLEAN & GREEN programme we will support the sustainable management of waste, water and energy by participating in innovative destination projects that save resources. We will lead the way in participating in different environmental initiatives from food waste and plastic recycling to circular economy and awareness creation on saving resources in destinations. At the end of 2019 the TUI Clean & Green project on Curacao was stopped. New projects were initiated in the Dominican Republic, on Cyprus and on the Balearic islands.

Enhancing 10,000 local livelihoods in destinations through tourism

To enhance the livelihoods in destinations maximizing the economic benefits of tourism for local people is of essential importance. Local men and women with local, responsible products and services should have improved access to the tourism industry and holidaymakers. The TUI CARES programme focuses on professional education, business skills training, financial support for enterprise development and employment creation for people living in and around communities in holiday destinations while linking local people and local produce to the tourism sector.

In 2019 a number of successful projects were continued – including the local sourcing project on Crete, the initiative on the island of Lanzarote or the projects in the Spanish city of Malaga and the Turkish Mugla region. In Marrakech TUI Care Foundation continued to support the Pikala which offers employment and training to young men and women and gives holidaymakers the opportunity to experience the city by bike. In 2019 the Board decided on an extension of the project which will be announced in 2020. New projects were developed and approved by the Board for Zanzibar, Jamaica and Morocco as well as for Egypt and Kenya/Eastern Africa.

Governance

TUI Care Foundation is the international corporate foundation of TUI Group, the world's leading tourism company. The Foundation is independent under Dutch law and has been qualified as a Public Benefit Organization (PBO, in Dutch ANBI: Algemeen Nut Beogende Instelling) by the Dutch Tax and Customs Administration, which is part of the Ministry of Finance. The Foundation puts great value in transparency and the efficient use of funds, therefore all operating costs of the foundation, which include personnel, marketing and communication costs, are covered by TUI Group (either via direct financials contributions to TUI Care Foundation or in kind donations).

The governance structure of TUI Care Foundation consists of the Board of Trustees, the Management team and the Advisory Committee. In 2019 the base for a new team structure which will reflect the growing scale of activities of the Foundation was laid. In 2019 the Board of Trustees also started a revision of the current overall governance structure with the aim to adapt the governance to the expanded activities of the Foundation over the last years. This process is expected to come to a conclusion in 2020.

In 2019 the Board of Trustees introduced a Policy on Conflicts of Interest as well as a Policy on Fraud and Compliance.

The Foundation has an independent Board of Trustees consisting out of five members. The Board oversees all activities of the Foundation and sets the strategic framework for the Foundation's development. The majority of Board of Trustees is not affiliated with TUI or its entities. The members are appointed for a period of three years and are re-electable. The members of the Board do not receive remuneration, either direct or indirect, for the activities they carry out for the foundation. Expenses are covered by TUI Group. The Board members are:

- Mr Thomas Ellerbeck, Chair
- Mr Nico Visser, Secretary
- Mr Frank Oostdam, Treasurer
- Mrs Dagmar Wöhr
- Mrs Helen Caron

Positions Board of Trustees members in 2019**Mr T. Ellerbeck**, Chair

Appointed on October 1, 2015 (1st term)

Re-elected in 2018 (2nd term)

Eligible for re-election: yes

Main function: Member Group Executive Committee TUI Group

Additional function:

- Member of the Supervisory Board of TUI fly GmbH

Voluntary functions:

- Member of the Board of DRV – Deutscher Reise Verband
- Member of the Board of BDL – Bundesverband der Deutschen Luftverkehrswirtschaft
- Chairman of the Executive Board of TUI Stiftung
- Member of the Advisory Council of Plan Germany
- Member of the Board of Trustees of Stiftung Hilfe mit Plan
- Member of the Council of the Lindau Nobel Laureate Meetings
- Member of the Board of the Lindau Nobel Laureate Meetings Foundation

Prof. N.W. Visser, Secretary

Appointed on September 21, 2011 (1st term)

Re-elected in 2014 (2nd term), 2018 (3rd term - adjusted), 2019 (4th term)

Eligible for re-election: yes

Main Functions:

- Expert member of the ISB Netherlands Embassies Inspection Team
- Chairman of the Fisheries Committee of the Dutch Caribbean BES Islands

Mr F.J.P. Oostdam, Treasurer

Appointed on September 21, 2011 (1st term)

Re-elected in 2014 (2nd term) and in 2015 (3rd term) and in 2018 (4th term)

Eligible for re-election: yes

Main function: Director and chairman, ANVR

Voluntary functions:

- Member of the Supervisory Board of the Calamiteitenfonds Reizen (CFC) Foundation
- Member of the Supervisory Board of the Stichting Garantiefonds Reisgelden (SGR)
- Member of advisory board of B-Lay bv

Mrs D.G. Wöhr, member

Appointed on February 23, 2017 (1st term)

Re-elected in 2019 (2nd term)

Eligible for re-election: yes

Main functions:

- Investor at TV Show „Die Höhle der Löwen“
- Member of the Supervisory Board of Nürnberger Beteiligungsgesellschaft AG
- Member of the Supervisory Board of Nürnberger Lebensversicherung AG
- Managing Partner of DGWöhr Consulting GmbH
- Managing Partner of MIDA Parkverwaltung GmbH
- Managing Director of DMW Invest (Pvt) Ltd in Sri Lanka
- Managing Director of DMW Management (Pvt) Ltd in Sri Lanka

Additional functions:

- Honorable Member of Deutschen Parlamentarischen Gesellschaft
- Member of the Presidium of Wirtschaftsbeirat Bayern

Voluntary functions:

- President of the Animal Welfare Association Nürnberg-Fürth und Umgebung e.V.
- Honorary President of Verband der Mittel- und Großbetriebe Bayerns
- Foundation Council of Emanuel Wöhrl Foundation
- Member of the Board of Trustees of UNICEF Deutschland
- Member of the Board of Help e.V. – Hilfe zur Selbsthilfe
- Member of the Board of Trustees of Bayerische AIDS-Stiftung
- Member of the Board of Trustees of Aktion Deutschland Hilft
- Founding Member of the Board of cnetz – Verein für Netzpolitik
- Member of CSUnet

Mrs H. Caron, member

Appointed on July 1, 2018 (1st term)

Eligible for re-election: yes

Main function:

- Group Purchasing Director at TUI Group

The Management team executes the strategy and projects in accordance with the framework set by the Board of Trustees. The management team members receive remuneration for the work performed by them for the foundation, which is paid by TUI Group entities. The management team consisted of:

- Mrs Elise Allart, Executive Director Programmes and Operations
- Mr Alexander Panczuk, Executive Director External Affairs and Development
- Mr Reinhard Will, Finance Director

Positions executive board in 2019

Mrs E. Allart, Executive Director Programmes and Operations (as of January 2016)

Voluntary functions:

- Chair of the Board of Directors of The Code of Conduct for the Protection of Children from Sexual Exploitation in Travel and Tourism
- Member of the Executive Committee of UNWTO World Tourism Network on Child Protection

Mr A. Panczuk, Executive Director External Affairs and Development (as of January 2016)

Main function:

Head of Reputation Management and Public Affairs, TUI Group

Voluntary functions:

- Member of the Board of Trustees of Willy-Scharnow-Stiftung

Mr R.A. Will, Director Finance (as of March 2017)

Main function:

- Managing Director of TUI Business Services GmbH, Hannover, Germany (until 31 December 2019)
- Director Finance, TUI Nederland NV (from January 2020)

Additional functions:

- Managing Director of TUI Leisure Travel Service GmbH, Neuss, Germany (until 31 December 2019)

The Board of Trustees and the Management team are supported by an Advisory Committee. The Committee consists of TUI experts on sustainable development, communications, hotel development, cruise business and tour operating, who give advice on project proposals and actively research new projects and partners. The members of the Advisory Board do not receive remuneration. Expenses are covered by TUI Group.

Fundraising

Various TUI entities worldwide contribute to TUI Care Foundation and have also implemented channels to collect customer donations for TUI Care Foundation. In 2019 many entities worldwide have continued to grow their respective fundraising channels for TUI Care Foundation with huge success: Donation income reached a record level for TUI Care Foundation in 2019. UK based entities of TUI Group continued to be the major source of income for the foundation. Broadening the donation income and thus increasing available funds remains a major overall goal of the foundation.

The foundation is very thankful for members of the TUI family all over the world who continue to support the foundation with enormous effort.

Stakeholder Engagement

2019 saw a continued increase in media activities which were also supported by various TUI entities worldwide. Activities included numerous press releases, background talks with journalists, interviews and press trips among others to Sri Lanka, Zanzibar, Kenya, Greece and Morocco. Also the links with political stakeholders were strengthened discussing TUI Care Foundation's activities with a significant number of political decision makers, from Presidents, Prime Ministers and Ministers to Members of Parliament and Ambassadors of the respective destinations.

Project Monitoring and Evaluation

All project partners follow procedures for the donation application and receive when approved a Partnership Agreement and TUI Care Foundation's Terms & Conditions based on the Project Plan and Financial plan submitted. For some partners and projects a Memorandum of Understanding is in place.

All projects that TUI Care Foundation supports, feed into the Strategic Plan. In 2017 we started to measure and monitor our ambitions and objectives by analyzing the performance of our partners. Project partners are requested to submit a number of reports in the different phases of the project partnership period, unless stated differently in the partnership agreement: Progress Reports as mid-year reviews, Annual Reports as end-of-year review and a Final Report as end of partnership review.

The reports consist of four parts: 1. Progress monitoring and evaluation: The monitoring consists of questions to inform the TUI Care Foundation Management about the project's highlights, challenges, lessons learnt, milestones, communication efforts, link to the UN Sustainable Development Goals and next steps. 2. Logframe: The logframe informs about the progress made based on the outputs and activities undertaken to achieve the expected outcomes and ultimately the overall aim, as stated in the project application. 3. Indicator overview: The indicator overview states all the variables TUI Care Foundation uses to analyze the performance of all partners against its own strategic ambitions and objectives. 4. Financial update: The financial update provides an overview on actual spending versus the detailed budget as stated in the project application.

Reports are being processed by the TUI Care Foundation Management and are mandatory for disbursements.

The monitoring and evaluation framework will be reviewed and developed further in 2020.

Risks and uncertainties

The foundation has set up clear funding principles to ensure the efficient use of funds. Organizations eligible for funding from the TUI Care Foundation have to fulfill set criteria, particularly they have to demonstrate adequate financial controls and processes to ensure the transparent use of funds. The foundation has also clearly defined priority destinations as well as designated fields of engagement which specify the foundations areas of activity to ensure that funds are being spend efficiently.

The foundation's Board and Management follow clearly defined processes in the selection of projects and the disbursement of funds.

The major risk to the Foundation's operations is a drop in donation income. So far the majority of funds comes from TUI entities based in the UK although the development of the last year shows a clear trend toward a stronger regional diversification. One of the strategic priorities of the foundation in this regard remains to broaden the donation base in the future. TUI Group, as the TUI Care Foundation's founder, is supporting this strategic objective.

The outbreak of the Corona Virus at the beginning of 2020 and the resulting shutdown of leisure travel in March 2020 will have a significant effect on the donation income and the activities of TUI Care Foundation in 2020. The Board and the Management will seek to mitigate the long-term effects on the Foundation as well as its partners and activities as effectively as possible.

Uncertainties around the Exit of the United Kingdom from the European Union and the potentially negative effects of the ongoing process on consumer and business sentiment also remain an underlying risk for TUI Care Foundation.

In case of unexpected changes in the donation income all project agreements enable the foundation to terminate project agreements towards the end of the respective project year in order to reduce the financial risk for the foundation. Projects that were already committed by the Board are fully backed up by existing funds.

The foundation faces an imbalance in expenditure and income in the currencies GBP and EUR with resulting currency rate risks. This risk will be managed by selling a surplus in a currency. Furthermore we look at the possibility to pay contract partners in the currency most available.

The financial year 2019

The donations received for projects increased to EUR 4,856,636 (2018: EUR 4,048,211), an increase of 20%. The received donations for operating costs increased to EUR 321,496 (2018: EUR 234,474). This increase is mainly due to higher in kind cash donation in 2019 for personnel costs from TUI AG.

The grants to projects increased to EUR 2,852,598 (2018: EUR 1,076,030). These grants include committed payments for coming years.

The operating costs increased slightly to EUR 340,859 (2018: EUR 321,831). This increase is due to higher management and administration costs on the one hand, and lower costs of generating funds on the other hand. As from 2019 on, the costs of personnel monitoring and working on projects, are accounted for as project costs. Therefore the Management and Administration costs account only for the overhead personnel costs.

In respect of banking, all necessary changes and transactions regarding TUI Care Foundation's bank accounts are carried out by TUI Nederland N.V. on behalf of TUI Care Foundation. Due to the interest development, almost no interest income was realized.

Prospects

For 2020 it was expected that the income would grow further by higher income from various TUI entities. However, due to the corona virus crisis, it is expected that the income this year will show a major decline as the income is strongly related to the bookings / holidays made by the TUI Group travelers.

TUI Care Foundation will adjust the expenditure on projects accordingly.

TUI Care Foundation will focus on further strengthening and professionalization of the organization, amongst others based on advice given by the external auditor.

The Foundation has no need for investments and therefore also no need for external financing. It is expected that the staff deployment will grow to 4 FTE.

Financial statements

Balance sheet as at 31 December 2019

(after appropriation of the balance of income and expenditure)

	note	31 December 2019		31 December 2018	
		€	€	€	€
Assets					
Receivables					
Prepayments and receivables	5.1		379,712		796,449
Cash at bank and in hand					
	5.2		<u>6,175,416</u>		<u>4,507,485</u>
			<u>6,555,128</u>		<u>5,303,934</u>
Reserves, funds and liabilities					
Reserves					
Continuity reserve	5.3	122,472		139,895	
Allocated projects reserve	5.4	500,500		-	
Unallocated projects reserve	5.5	<u>2,560,210</u>		<u>952,194</u>	
			3,183,182		1,092,089
Funds					
Allocated projects fund	5.6		<u>851</u>		<u>4,939</u>
Total Reserves and Funds			3,184,033		1,097,028
Project liabilities					
Project commitments	5.7		3,326,640		4,119,091
Current liabilities					
Liabilities and accruals	5.8		<u>44,455</u>		<u>87,815</u>
			<u>6,555,128</u>		<u>5,303,934</u>

Statement of income and expenditure 2019

	note	Actual 2019	Budget 2019	Actual 2018
		€	€	€
Income				
Income from companies	7.1	5,168,989	4,358,738	4,279,385
Income from private persons fund raising	7.2	9,143	1,500	3,300
Sum of income own fund raising	7.3	<u>5,178,132</u>	<u>4,360,238</u>	<u>4,282,685</u>
Expenditure				
Expenditure on objectives	7.4	2,852,972	3,985,000	1,076,030
Costs of generating funds	7.5	48,328	81,500	76,575
Management and administration costs	7.6	<u>292,531</u>	<u>243,076</u>	<u>245,256</u>
Sum of expenditure		<u>3,193,831</u>	<u>4,309,576</u>	<u>1,397,861</u>
Financial income and expense	7.7	<u>102,704</u>	<u>- 2,500</u>	<u>- 5,152</u>
Balance of income and expenditure		<u>2,087,005</u>	<u>48,162</u>	<u>2,879,672</u>
Appropriation balance of income and expenditure:				
Addition to the Unallocated projects reserve	5.5	2,108,516	97,038	3,028,974
Addition to the allocated projects reserve		-	-	-
Withdraw from the Allocated projects fund	5.6	- 4,088	-	- 63,586
Withdraw from the Continuity reserve	5.3	<u>- 17,423</u>	<u>- 48,876</u>	<u>- 85,716</u>
Balance		<u>2,087,005</u>	<u>48,162</u>	<u>2,879,672</u>

Cash flow statement 2019

	2019		2018	
	€	€	€	€
Cash flows from operating activities				
Received donations from third parties	5,316,636		4,471,335	
Payments to project partners and suppliers	<u>- 3,843,495</u>		<u>- 2,802,032</u>	
Cash generated from / (used in) operations		1,473,141		1,669,303
Received financial income	631		1,797	
Paid financial expense	<u>- 949</u>		<u>- 583</u>	
		- 318		1,214
Net increase/(decrease) in cash from operating activities		<u>1,472,823</u>		<u>1,670,517</u>

Movements in cash and cash equivalents can be broken down as follows:

	2019	2018
	€	€
Balance as at 1 January	4,507,485	2,850,945
Movements during the year	<u>1,472,823</u>	<u>1,670,517</u>
	5,980,308	4,521,462
Differences on exchange rate	<u>195,108</u>	<u>- 13,977</u>
Balance as at 31 December	<u>6,175,416</u>	<u>4,507,485</u>

Notes to the financial statements 2019

1. General notes

1.1. Foundation

TUI Care Foundation was founded at 21 September 2011 in the Netherlands. The statutory name is Stichting TUI Care, but the foundation also acts under the name TUI Care Foundation. TUI Care Foundation is the corporate foundation of the TUI Group. It has its seat in Rijswijk, South-Holland, the Netherlands.

1.2. Objective

The (statutory) objective of TUI Care Foundation is to contribute to a sustainable development of tourism and supporting children and youth for example by:

- a. improving the welfare of local populations;
- b. promoting and maintaining local culture and traditions;
- c. protecting nature and the environment;
- d. promoting animal welfare;
- e. promoting sustainable energy;
- f. supporting local economies in relation to the tourist activities in holiday destinations; and
- g. offering relief in crisis and emergency situations.

1.3. Policies

The financial statements are conducted taking into account the Dutch law and guidelines regarding financial statements, with specific guidance of the Dutch guideline which refers to fund raising organizations (Richtlijn 650 Fondswervende organisaties).

1.4. Financial year

The financial year is equal to the calendar year (1 January – 31 December).

1.5. Cash flow statement

The cash flow statement is prepared according to the direct method. The cash and cash equivalents in the cash flow statement consist of cash. Interest paid and received are included in cash from operating activities. Transactions not resulting in inflow or outflow of cash are not recognized in the cash flow statement.

1.6. Estimates

The preparation of financial statements in conformity with the relevant rules requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. If necessary for the purposes of providing the view required under Section 362, subsection 1, Book 2 of the Dutch Civil Code, the nature of these estimates and judgements, including the related assumptions, is disclosed in the notes to the financial statement items in question.

1.7. Non-monetary income

Besides monetary income, the foundation also receives services in kind from several TUI entities. Those receivables are valued at fair value and the accomplishing costs are accounted for under the applicable services. Staff costs of TUI employees are only accounted for if they dedicate more than 50 percent of their time to the foundation.

As some income in kind is part of contracts of a TUI member, the exact value of the services which have to be allocated to the fund cannot be determined exactly. In those cases a best estimate of the donating company is used.

1.8. Changes in accounting policies

The accounting policies have not changed during the year.

1.9. *Going concern assumption*

In the fiscal year 2020, the fund has to face the consequences of the COVID-19 virus. For the fund, this will result in lower donations from the TUI Group entities as the touristic activities have come to a complete standstill. However, as the fund is able to adjust the number and amount of project commitments, depending on the level of contributions it will still receive, this is not seen as a risk. The cash at bank and in hand is sufficient to meet the project commitments. Also the continuity reserve is sufficient for the coming period. Therefore the Board of Trustees has determined that the use of the going concern assumption is appropriate.

2. *General policies*

2.1. *General*

If not specifically stated otherwise, assets and liabilities are recognized at the amounts at which they were acquired or incurred. The balance sheet, the statement of income and expenditure and the cash flow statement include references to the notes.

2.2. *Foreign currency translation*

The financial statements are presented in Euro, which is the functional and presentation currency of the foundation. Transactions in foreign currencies are translated at the rates of exchange ruling at the time of the transaction. Monetary assets and liabilities in foreign currencies are translated into Euro at the rates of exchange at balance sheet date. Exchange differences are taken to the statement of income and expenditure under financial income and expense. Exchange rate results are appropriated to the unallocated projects reserve.

3. *Accounting policies for the balance sheet*

3.1. *Cash at bank and in hand*

The cash at bank and in hand consist of bank balances. Cash at bank and in hand are valued at face value.

3.2. *Reserves - Continuity Reserve*

The continuity reserve relates to funds which are needed for the execution of operating activities of the foundation. Costs of the foundation are appropriated to this fund as well as specific donations for this reserve. The balance of the financial income and expense (except exchange rate results) is also added to this fund. The policy for this reserve is that it should at least cover the cash outflow for the Management and administration costs for one year.

3.3. *Reserves - Allocated projects reserve*

The allocated projects reserve relates to amounts allocated by the Board for specific goals for which no commitment has been signed yet.

3.4. *Reserves - Unallocated projects reserve*

The unallocated projects reserve relates to received funds which are not committed to projects yet. This is the free available amounts for projects.

3.5. *Funds – Allocated projects fund*

The allocated projects fund relates to received funds which are specifically appropriated to projects by the donator and for which project this amount is not communicated yet.

3.6. *Project commitments*

The project commitments relate to contractual commitments made to projects. This is the amount which has to be paid to the project according to the contracts.

4. *Accounting policies for the statement of income and expenditure*

4.1. *Income from companies*

Income from companies are recognized in the year to which they can be allocated, generally the year in which they are received.

4.2. *Income from private persons fund raising*

Income from private persons fund raising are recognized in the year in which they are received.

4.3. *Expenditure on objectives*

Expenditure on objectives are recognized in the year to which they can be allocated, generally the year in which the partner agreement for the project is signed.

4.4. *Other expenditure*

Other expenditure is accounted for on an accrual basis.

5. Notes to the balance sheet

5.1. Prepayments and receivables

	31 December 2019	31 December 2018
	€	€
Donations from/via TUI entities	333,837	659,106
Other receivables	45,875	137,343
Total	379,712	796,449

All receivables have a term of less than one year.

5.2. Cash at bank and in hand

The cash at bank and in hand is at the foundations free disposal.

5.3. Continuity reserve

The movements in the continuity reserve can be specified as follows:

	2019		2018	
	€	€	€	€
Balance as at 1 January		139,895		225,611
Contributions in the operating costs	273,167		234,474	
Expenditures regarding operating costs	- 290,590		-320,190	
Appropriation of income and expenditure		- 17,423		-85,716
Balance as at 31 December		122,472		139,895

5.4. Allocated projects reserve

The movements in the appropriated funds for projects was as follows:

	2019	2018
	€	€
Balance as at 1 January	-	-
Transfers from Unallocated projects reserve	500,500	-
Balance as at 31 December	500,500	-

5.5. *Unallocated projects reserve*

The movements in the unallocated projects reserve can be specified as follows:

	2019	2018
	€	€
Balance as at 1 January	952,194	- 2,076,780
Transfer to Allocated projects reserve	- 500,500	-
Appropriation of revenue and expenditure	2,108,516	3,028,974
	1,608,016	3,028,974
Balance as at 31 December	2,560,210	952,194

This reserve represents the free amount available for the board to assign to projects.

5.6. *Allocated projects fund*

The movements in the allocated projects fund was as follows:

	2019	2018
	€	€
Balance as at 1 January	4,939	68,525
Appropriation of revenue and expenditure	- 4,088	- 63,586
Balance as at 31 December	851	4,939

Duration

All amounts are expected to be paid within one year.

5.7. *Projects committed*

The movements in the projects committed was as follows:

	2019	2018
	€	€
Balance as at 1 January	4,119,091	5,819,006
Committed projects	2,852,972	1,076,030
Payments to projects	- 3,739,767	- 2,759,884
Foreign exchange (FX) results	94,344	- 16,061
	- 792,451	- 1,699,915
Balance as at 31 December	3,326,640	4,119,091

Specification of the movements in projects committed

	1 January	Additional commitments	Payments / releases	31 December
	€	€	€	€
Empowering young people	1,836,754	1,565,865	1,964,756	1,437.863
Thriving destinations	909,527	1,451,915	1,310,319	1,051.123
Protecting the natural environment	440,625	657,193	464,692	633.126
Other / several	932,185	- 727,657	-	204.528
Total	4,119,091	2,947,316	3,739,767	3,326,640

The foreign exchange results have been accounted for under the additional commitments as these are seen as corrections on the commitments made.

The negative additional commitments in the line Other / several is the sum of transfers to the specific fields.

Duration

An amount of approximately EUR 1,907 thousand is expected to be paid within one year, while the remaining amount of EUR 1,119 thousand is expected to be paid between two and five years.

5.8. Liabilities and accruals

	31 December 2019	31 December 2018
	€	€
Staff expenses	21,806	71,099
Audit costs	19,360	16,000
Other liabilities and accruals	3,289	716
Total	44,455	87,815

6. Commitments not included in the balance sheet

TCF has committed herself until 31 December 2021 to support an agreed partnership programme with UNICEF which consists of a yearly minimum and maximum contribution to the programme. If the maximum contributions will be claimed, an additional amount of EUR 300,000 has to be accounted for as committed in future years.

7. Notes to the statement of income and expenditure

7.1. Income from companies

	Actual 2019	Budget 2019	Actual 2018
	€	€	€
Donations from/via TUI Group entities in cash	4,887,297	4,065,538	4,044,430
Donations from/via TUI Group entities in kind	281,692	293,200	234,955
Total	5,168,989	4,358,738	4,279,385

Donations in cash means that the donations are or will be received in cash.

7.2. Income from private persons fund raising

The income from private persons represent the donations from private persons received direct on the bank account of the foundation. Donations collected by group companies (also donations made during the booking process) are accounted for under Income from companies. The income from private persons is mainly the result of the possibility to donate via the site of the TUI Care Foundation.

7.3. Specification of the income own fund raising to fields of engagement

	Actual 2019	Budget 2019	Actual 2018
	€	€	€
Empowering young people	309,322		578,865
Protecting natural environment	131,533		182,064
Supporting thriving destinations	1,000		21,214
Other / several	211		-
Total Project income <i>earmarked</i>	442,066		782,143
Project income <i>not earmarked</i>	4,414,570		3,266,068
Total project income	4,856,636		4,048,211
For the benefit of organization costs	321,496		234,474
Total	5,178,132	4,360,238	4,282,685

From some TUI entities donations are received for which explicitly is indicated that these are meant as contribution to the continuity reserve.

7.4. Expenditure to objectives and purposes

	Actual 2019	Budget 2019	Actual 2018
	€	€	€
Empowering young people	1,528,012	1,951,000	- 37,798
Protecting natural environment	636,220	692,000	262,054
Supporting thriving destinations	1,425,682	1,342,000	814,367
Other	- 736,942	-	37,407
Total	2,852,972	3,985,000	1,076,030

The negative amount of Other is the transfer of general commitments to the specific fields. The negative amount of Empowering young people in 2018 was due to release of commitments as the revenues for those projects were lower than expected.

As from 2019 on, the costs of personnel monitoring and working on projects, are accounted for as project costs.

7.5. Costs of generating funds

The costs of generating funds are fully borne by TUI AG and consist among others of website hosting, TUI Care Magazine and press trips.

7.6. Management and administration costs

	Actual 2019	Budget 2019	Actual 2018
	€	€	€
Staff costs	209,301	195,176	195,205
Audit costs	22,099	16,000	16,000
Other costs	61,131	31,900	34,051
Total	292,531	243,076	245,256
<i>Of which "in kind"</i>	<i>230,271</i>	<i>191,700</i>	<i>157,899</i>

From TUI entities "in kind" services were received. All these received services are estimated at fair value and accounted for as Management and administration costs. Staff costs of TUI Group employees is only accounted for as income in kind if staff dedicates more than 50 percent of their time to the foundation. As the costs of personnel monitoring and working on projects are accounted for as project costs, the Management and administration costs account only for the overhead personnel costs.

7.7. Financial income and expense

	Actual 2019	Budget 2019	Actual 2018
	€	€	€
Exchange result	103,376	-	- 6,793
Interest income	304	500	2,227
Interest expense	-	- 1,500	-
Bank charges	- 976	- 1,500	- 586
Total	102,704	- 2,500	- 5,152

With exception of the exchange result, the result of the financial income and expense is appointed to the continuity reserve. The exchange result is appointed to the unallocated project reserves.

7.8. Remuneration board members

During 2019 there was no remuneration to board members (2018: also no remuneration).

8. Average number of employees

During the financial year 5 FTE worked for the foundation, of which 2 FTE were charged to the fund. The other FTE were donated in kind by TUI Group companies. Besides this, the foundation received services "in kind" from TUI staff who work less than 50% for the fund, which is not accounted for.

9. Format explanation expenditure

	Spent on objectives	Recruitment costs	Costs management and administration	Actuals 2019	Budget 2019	Actuals 2018
	€	€	€	€	€	€
Expenditure to project partners	2,852,972	-	-	2,852,972	3,985,000	1,076,030
Communication costs	-	48,328	-	48,328	81,500	76,575
Personnel costs	-	-	209,301	209,301	195,176	195,205
Housing costs	-	-	27,426	27,426	10,300	10,156
Office and general costs	-	-	55,804	55,804	37,600	39,895
Total	2,852,972	48,328	292,531	3,193,831	4,309,576	1,397,861

The amount in the column Spent on objectives represents the amount spent in accordance with the statutory objects: supplying a contribution to the sustainable development of tourism and supporting children and youth for example by:

- improving the welfare of local populations;
- promoting and maintaining local culture and traditions;
- protecting nature and the environment;
- promoting animal welfare;
- promoting sustainable energy;
- supporting local economies in relation to the tourist activities in holiday destinations; and
- offering relief in crisis and emergency situations.

Marketing and communications costs are seen as recruitment costs. Those costs are donated in kind by TUI group companies.

The costs of management and administration are operational costs for the foundation and therefore not allocated to spent on objectives and recruitment costs.

10. Post balance sheet events

As from the end of February 2020, consequences of the COVID-19 virus became visible. As already mentioned in the Report of the Board of Trustees and the going concern assumption, this will have impact on the financial figures 2020 and possible future years. However, it has no impact on the 2019 figures or on the going concern assumption.

Undersigning board

Berlin, April 28, 2020

w.s. T. Ellerbeck

w.s. F.J.P. Oostdam

w.s. N.W. Visser

w.s. D.G. Wöhr

w.s. H. Caron

Additional information

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
TUI Care Foundation, Rijswijk

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS 2019 INCLUDED IN THE FINANCIAL REPORT

OUR OPINION

We have audited the financial statements 2019 of Stichting TUI Care (hereafter: TUI Care Foundation), based in Rijswijk.

In our opinion the accompanying financial statements give a true and fair view of the financial position of TUI Care Foundation as at 31 December 2019, and of its result for 2019 in accordance with the Guideline for annual reporting 650 "Fundraising organisations" of the Dutch Accounting Standards Board.

The financial statements comprise:

1. the balance sheet as at 31 December 2019;
2. the profit and loss account for 2019; and
3. the notes comprising a summary of the accounting policies and other explanatory information.

BASIS FOR OUR OPINION

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

We are independent of TUI Care Foundation in accordance with Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

EMPHASIS OF MATTER: EFFECT OF THE CORONA CRISIS

We draw attention to the section "Post balance sheet events" in the notes to the financial statements where the board describes its assessment of the effects of the Corona Crisis on TUI Care Foundation. Our opinion is not modified in respect of this matter.

REPORT ON THE OTHER INFORMATION INCLUDED IN THE FINANCIAL REPORT

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- report of the board of trustees;
- appendices.

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

- is consistent with the financial statements and does not contain material misstatements;
- contains the information as required by Guideline for annual reporting 650 "Fundraising organisations".

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

By performing these procedures, we comply with the requirements of the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

The board is responsible for the preparation of the other information, including the report of the board of trustees in accordance with the Guideline for annual reporting 650 "Fundraising organisations".

DESCRIPTION OF RESPONSIBILITIES REGARDING THE FINANCIAL STATEMENTS

RESPONSIBILITIES OF THE BOARD OF TRUSTEES FOR THE FINANCIAL STATEMENTS

The board of trustees is responsible for the preparation and fair presentation of the financial statements in accordance with the Guideline for annual reporting 650 "Fundraising organisations". Furthermore, the board of trustees is responsible for such internal control as the board of trustees determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

The board of trustees should disclose events and circumstances that may cast significant doubt on the organisation's ability to continue as a going concern in the financial statements.

OUR RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of trustees;
- concluding on the appropriateness of the board of trustees' use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause an organization to cease to continue as a going concern;
- evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of trustees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

We provide the board of trustees with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Amsterdam, 29 April 2020

MAZARS N.V.

Original has been signed by: M.G.W. Quaadvlieg RA AA MSc MBA