TOGETHER WE MAKE THE DIFFERENCE

terre des hommes stops child exploitation



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STEPPING INTO A CHANGING WORLD

By Carel Kok, CEO Terre des Hommes Netherlands

The conditions in which children live in the slums of the Ugandan capital Kampala are extremely sad. During a visit in October 2019 I met a young woman from one of those slums. For years, she was exploited in prostitution under appalling conditions. With the help of our partner organisation, she completed a training to become a seamstress. Now she no longer lives in the slum and runs her own tailoring business. "With a little help, people like her can redesign their lives. That inspires and it shows how resilient people are."

The energy with which our colleagues and partner organisations dedicate themselves on a daily basis also commands a great deal of respect. That is why I proudly look back on our programme results of 2019.

Addressing child exploitation at a global level

We have done what we wanted to do. This year, we conducted research into the situation of child labour in Madagascar. Unfortunately, child labour is the order of the day here. This research feeds into new projects that we will initiate in 2020. Over the past few years we have ensured that children in the mica mines in India have an alternative: our programme allows them to go to school instead of having to work in the mines. We used this example to talk in the European Parliament about the purpose and need for European legislation against child labour, modelled on Dutch legislation. We have successfully fought for this for many years. In Cambodia we also started a new project to end child sex tourism. We educate communities and children, for example, about the dangers of the Internet.

We were active in more places to eliminate child exploitation in 2019. In India, we continued the IMAGE project and protected thousands of girls who got married too young against situations of exploitation.

Closer to home, in the Netherlands, we gave minors a helping hand. WATCH Nederland allowed us to strengthen our position in the care chain, both on the prevention and on the detection side.

30 years Convention on the Rights of the Child

We celebrated the 30th anniversary of the UN Convention on the Rights of the Child worldwide. In the Philippines, we gave workshops to teenagers about their rights. In Indonesia, children started working on children's rights in their communities and sent postcards about the project to the president. And in Ethiopia, we had discussions on national TV with, for example, the Minister of Women, Children and Youth Affairs.

Collaboration

Most of the time we do not operate alone. Where possible, we worked together with other aid organisations during the past year, such as Plan Nederland and Defence for Children in the Girls Advocacy Alliance, to eliminate violence against girls and young women. For the Down to Zero programme we collaborated with Plan International Nederland and Defence for Children – EPCAT, Free a Girl and ICCO Cooperation to eliminate child sexual exploitation in ten countries. Of course, we mainly collaborate with the almost 200 local organisations that implemented our 74 projects.





I am proud of these collaborations. I am also proud of our role in the realisation of the metal covenant in which companies, governments and civil society organisations voluntarily commit themselves to improving human rights and the environment. In the past years, we have read and provided input where we could. After years of discussions and consultations, the covenant in which protection of the rights of children and also explicitly those of girls within value chains are clearly expressed, was finally signed last year.

"The world around us is changing fast. The focus and initiative are increasingly shifting towards local partners in the regions."

Changing world

We are constantly assessing the role that Terre des Hommes should play in this and our position in this context. It appears that the focus and role of international NGOs tends to shift towards that of being a knowledge provider and facilitator. In discussions with different stakeholders, such as civil society, governments and companies, we evaluate how we can best continue to contribute to a world in which children's rights are respected, living conditions are improved and child exploitation will come to an end. We want to make the knowledge that we acquired available in other areas and to local partners so that these objectives are pursued even more efficiently. In 2019, for example, we saw that our local partners were better able to approach international institutional partners with our support.

Defining priorities

We defined our priorities together with our colleagues and partner organisations in the countries in which we operate. This way, we aim to localise our global objectives as effectively as possible. In that context we organised conferences at our offices in Asia, East Africa and in the Netherlands, during which we tried to involve our local staff as much as possible in determining our strategy and finding answers to basic questions. What is, for example, the approach that Terre des Hommes is known for? What do we do differently than other organisations? And what should we continue to do in the future? Such conferences have proven to be a successful formula. They ensure that we are all going in the same direction and focus together on the same priorities.

Financial result

We are proud of everyone who has contributed to meeting our tight budget. The amount of nearly € 26.4 million has made it possible to bring cessation of child exploitation "In 2019, we worked hard together to further improve our operational management." one step closer. The substantial growth in government grants for emergency aid has been instrumental in this regard. We have also managed to maintain our fundraising levels in all categories, despite stricter regulations. At a time when many aid organisations are asking for support, raising funds is a challenge. In the competitive private fundraising market, we therefore have to be selective in how we use our resources. In the fall of 2019, for example, we decided, based on a cost-benefit analyses, not to proceed with a planned national campaign to create more awareness for our shops, even though this implied that we would not reach the ambitious turnover targets for the shops. Testing new ways to secure the financial support of private individuals will continue unabated.

Year of performance

Last year, the 'year of performance', our operational performance took centre stage. The focus in our daily operations was on implementing programmes as effectively as possible, so that we do what we do best.

Our mission was to ensure that all children around the world have the right to a safe life in a loving environment in which they can optimally develop.

In 2019, we therefore worked hard together to further improve our organisation and our operational management, the foundation of our organisation, in order to carry out our work as efficiently as possible. An important step was the introduction of the new PRIMAS project management system, which allows us to administer and monitor all information from project proposal to final report. Our partners report progress directly via this new system. Providing good information forms the basis for delivering quality. In order to deliver quality, a stable organisation is required in which processes are well organised and in which an atmosphere of trust and transparency is a prerequisite. We therefore expanded our leadership team, which is now back at full strength.

What remains necessary

Unfortunately, millions of children are still not attending school, live in poverty or face exploitation. Our work remains crucial. Although the Joint Response in Irag, an alliance of Dutch aid organisations led by Terre des Hommes, was not followed through, aid in that and other conflict situations remains essential We made great strides in improving our organisation. Nevertheless, the changes required to put our organisation in order are still too slow. Staff turnover is still too high. We are working hard to change this. In 2019 we have not yet sufficiently succeeded in doing so. Next year we will therefore try even harder to improve the working conditions for our employees. This means that further attention will be paid to putting in order our financial systems, HR processes, better internal communication and improving transparency and trust.

Thanks to the support of others

Through our fundraising and communication campaigns we were able to draw a lot of attention to our work last year. At the end of 2018, our ambassador Roelof Hemmen stuck his neck out for us and travelled to the Philippines as an alleged sex tourist. We received a lot of reactions. Not everyone agreed with our tone last year, but our campaigns showed that it is really easy to sexually exploit children being a foreigner. Through our fall campaign in the Netherlands we once more raised awareness for the sexual exploitation of minors in the Netherlands. Last year, we were able to continue our work to stop child exploitation worldwide, thanks to the support of our many donors, volunteers, the Dutch government, companies, European and international organisations and foundations, ECHO (European Civil Protection and Humanitarian Aid Operations) and others who believed in us. We received an additional \in 2.97 million for three years from the Dutch Postcode Lottery for the rollout of Sweetie. Many private individuals supported us by, for example, generously converting their birthday gifts into a substantial donation to us.

Early on in 2020, we were faced with a challenge of which the magnitude is difficult to predict. Obviously, the COVID-19 pandemic has a significant impact on our organisation. For the time being, we do not foresee any material consequences for our financial condition and liquidity. We will discuss this in more detail in the financial section of these financial statements (8.7).

It goes without saying that we will make extra efforts to support our partner organisations in the 'lockdown

situations' that make economic life very difficult, especially for day labourers in the project countries. This has a direct impact on food supply and child safety. Within the limits of lockdowns, we therefore work hard together in our project countries to provide extra support for vulnerable children and their families.

Terre des Hommes is working worldwide on creating a better world in which children can develop in a safe environment. We want to structurally eliminate child exploitation. Unfortunately, this is still very much needed every day in countries such as the Philippines, India, but also here in the Netherlands. Next year, in 2020, with your support, we will continue to do what we do best and we will even step up our efforts.

Carel Kok

CEO Terre des Hommes Netherlands

Carel Kok in Ethiopia, 2019

2019 IN A NUTSHELL

We look back on an exciting year in which we raised **almost € 26.4 million** to give children a better future. **84% of the income** was spent on achieving our objectives. With **74 projects** related to child labour, child abuse, child sexual exploitation, child trafficking and emergency aid where needed, a lot has been achieved with our local project partners in East Africa, Asia and here in the Netherlands.

> 2. FINANCIAL SUPPORT



3. COMMUNICATION 4. OUR WORK

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2. FINANCIAL 2. SUPPORT

3. PUBLICITY AND COMMUNICATION



4.000 WORK



5.0UR 5.0RGANISATION

HR

We have carried out a review of all necessary HR activities and made the policy documents more accessible and easier to find for all employees

New colleagues

We are working hard to replace temporary workers by new colleagues and have made a turnover assessment to move ahead with the lessons learnt

Successful annual DevCon

During this Development Conference, employees (e.g. country managers, communication managers and programme managers) from all regions and countries meet for a week to connect, share knowledge, shape new projects and discuss our long-term strategy

Further tightening

of our processes regarding integrity and child safeguarding

Fulfilment Vacancies are partly filled by temporary workers to reduce the workload



HOW TERRE DES HOMMES WORKS

Terre des Hommes' ultimate goal is a world without child exploitation. All children, worldwide, have the right to a safe existence in a loving environment in which they can optimally develop. We cannot achieve that goal alone. We can only accomplish this mission by working together with different stakeholders.

Theory of Change

Our approach is described in the Theory of Change. This integrated approach focuses on five strategies and six stakeholders in order to bring about structural change. The strategies are: prevention, provision, prosecution, promotion and partnership. This way we build quality and adequate education, awareness, guaranteed regulations, healthcare and child protection anchored in a country's policies. This leads to a sustainable solution that gives more children the opportunity to develop themselves. In addition, we offer direct aid through temporary shelter, school supplies, the provision of starting capital to generate alternative income or aid in emergencies, if required. To achieve our mission we always work together with a cluster of public authorities, judicial bodies and police, local civil society organisations, companies, communities and last but not least the children.

What we seek to achieve:

- Vulnerable children and exploited child victims stand up for their rights;
- Families and communities are aware of children's rights and protect their children;
- The business sector contributes to children's well-being;
- The government protects children through appropriate policies and legislation;
- Judicial authorities convict perpetrators of child exploitation and abuse;
- Civil society organisations protect children's rights and interests.

Our international approach

Terre des Hommes' headquarters are located in The Hague, the Netherlands and the regional offices in Phnom Penh, Cambodia and Nairobi, Kenya. We have our own country offices in nine countries and we carry out projects in four countries that are managed from the regional offices. In 2019, our employees manage the project partners on a daily basis to ensure accurate implementation of the 74 projects. We offer support and closely monitor the progress of our projects.

We also implement projects or apply for grants in collaboration with our international member organisations of the Terre des Hommes International Federation. Each organisation has its own board and projects. We reinforce and complement each other where we can. More about the International Federation can be found in the chapter 'Organisation'.

We have weekly meetings with the regional offices. This is done via online meetings, e-mail or telephone. Almost daily we receive updates from the countries about the results they have achieved. We inform each other worldwide through photos, videos and stories through our internal communication channel Workplace. On this easily accessible platform we see on a daily basis what our colleagues in East Africa and Asia are working on and vice versa. We also use those results to inform our constituency about the progress of our projects to eliminate child exploitation.

Quality project partners

In order to ensure that the quality of project implementation is maintained, we expect our project partners to implement adequate policies and for them to work on:

- Networking and influencing children's rights policies at local and national level;
- Ensuring that projects are supervised in a result-oriented manner;
- Accurate reporting that also provides us with learning points for the future.

Staff from our country offices and our lobby & expertise staff visit our project partners on a regular basis. Our Managing Director also visits the projects regularly to keep abreast of our projects in the different countries.

Monitoring

We use the PM&E (Planning, Monitoring & Evaluation) system to measure and monitor the impact of the projects. In 2019, we made the transition to a new project management and information system (PRIMAS). This new system allows us to even better analyse the data and further improve and refine our operations.

- We ask project partners for interim reports at least once every quarter.
- We collect information on the results achieved and sample case studies.
- We compare our approach in the different countries in order to build best practices.
- We collect lessons learnt per theme.
- We compare our results with the indices of the United Nations, Unicef and ILO.

30 years Convention on the Rights of the Child

This year, the UN Convention on the Rights of the Child celebrated its 30th anniversary. A special event that was given attention by our project partners in many countries.

Activities

In the Philippines, during this month of the child, the rights of children received ample attention through education and interactive workshops for teenagers and a photo booth for the younger children. In Indonesia, children from different provinces gathered input about the implementation of children's rights in their community. The most important issue was (online) child sexual exploitation. The results were presented to the UNCRC Committee and the Ministry of Women Empowerment and Child Protection. They also made postcards addressed to the president of Indonesia with the message of the hope for better implementation of children's rights in Indonesia.

These activities were organised by our Down to Zero project partners (alliance of four NGOs to eliminate commercial child sexual exploitation in 10 countries in Asia and Latin America). In Cambodia, three of our Agents of Change travelled to Phnom Penh for the

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presentation of the Child Rights Now report. One of the girls participated in the panel asking questions to NGOs and the government about the situation of children's rights. This was supported by a social media campaign.

In Kenya, advertisements drew attention to 30 years of children's rights with the significant text 'A time to celebrate, but also to call for more action', because there is still a lot to be done. In Ethiopia, Terre des Hommes conducted panel discussions on national TV with, for example, the Minister of Women, Children and Youth Affairs about children's rights and child exploitation.

Joining Forces Alliance

This milestone also inspired Terre des Hommes and the Federation to participate in the Joining Forces Alliance. Unfortunately, millions of children still don't go to school, live in poverty and/or are facing exploitation and so our work remains crucial. In the report 'A second revolution: 30 years of child rights and the unfinished agenda', together with five other NGOs (Save the Children, ChildFund Alliance, SOS Children's Villages, Plan International, World Vision), we call global leaders to account and make them deliver on the promises made through the ratification of the Convention on the Rights of the Child.

"Unfortunately, millions of children still don't go to school, live in poverty and/or are facing exploitation and so our work remains crucial."

HOW IT ALL STARTED

In 1960, Edmund Kaiser establishes the children's aid organisation Terre des Hommes in Switzerland to help children who needed care during the wars in Vietnam and Algeria. The name of the organisation is inspired by the book of the French writer – aviator Antoine de Saint-Exupéry: 'Terre des Hommes'. He states: 'There is no third world. There is one world for which we are all responsible.'

"There is no third world. There is one world for which we are all responsible."

In 1965, Terre des Homme Netherlands is founded and in 1966 the Terre des Hommes International Federation is founded in Lausanne. The Netherlands is one of the participating countries. In the early years the goal of Terre des Hommes Netherlands, in collaboration with local partners, was to act against the famine and medical problems in West Africa and to treat young napalm victims from the Vietnam War in the Netherlands. In 1984, the first regional office for East Africa was opened in Nairobi. In the 1970s, the first aid projects were initiated for refugees from Bangladesh in India. Nowadays we work from two regional offices, one in Nairobi and one in Cambodia. in 13 countries in East Africa and South and Southeast Asia. Our approach has evolved from temporary aid to a structural and sustainable approach in which we want to eliminate child exploitation once and for all and put children's rights first. In addition, we continue to pay special attention to children in emergencies and support them with financial resources. In 2019, this was done in 9 different countries.

Partners

We believe it is important to increase our effectiveness and the impact of our work by collaborating with other (children's rights) organisations and governments. A selection from our collaborations:



Together with Plan Nederland and Defence for Children-ECPAT, we work in the **Girls Advocacy Alliance** to eliminate violence against girls and young women and to strengthen their opportunities in the society. We do this at the request of the Ministry of Foreign Affairs.

⊘Down to Zero

Together with Plan International Nederland, Defence for Children - ECPAT, Free a Girl and ICCO Cooperation we form **Down to Zero**. Our goal: eliminate commercial child sexual exploitation in 10 countries in Asia and Latin America. We do this in collaboration with the Ministry of Foreign Affairs.



We are part of **Giro 555**. For each action we check if we or any of our Terre des Hommes sister organisations operate in the respective area. This year we did not participate in any actions.

Terre des Hommes

International Federation

Where we can mutually reinforce each other as Terre des Hommes, we collaborate with our sister organisations of the **Terre des Hommes International Federation**.



The **Responsible Mica Initiative** is a unique partnership between development organisations and companies that work together to tackle exploitation in mica mines. Terre des Hommes is co-founder and board member.



In **Back to the Future** we collaborated with War Child, AVSI in Jordan and Lebanon to provide education to refugee children.



Together with five other NGOs (Save the Children, Child-Fund Alliance, SOS Children's Villages, Plan International and World Vision) in the **Joining Forces Alliance**, Terre des Hommes calls global leaders to account for them to deliver on the promises made through the ratification of the Convention on the Rights of the Child.



In the Dutch **Kinderrechten in Ontwikkelingssamenwerking** – KROS (Children's Rights in Development Cooperation) we worked together with 10 other development organisations that raise the issue of children's rights in the House of Representatives in the Netherlands. They were also our partner in the development process of the Child Labour Due Diligence Law.

KINDERRECHTEN.ML

This year, we became a member of the Dutch **Kinderrechtencollectief** – KRC (Coalition for Children's Rights) that is committed to safeguarding children's rights in the Netherlands.



Together with 23 other organisations we constitute the Dutch **CSR Platform** that aims at promoting corporate social responsibility.



We are part of **Partos**, the trade association that brings together over 100 Dutch development organisations and works on successfully building an equitable and sustainable world for everyone.



We are a member of the branch organisation **Goede Doelen Nederland** (Dutch charity organisation), the interest group that ensures a positive social environment in which we can work to achieve our mission.

Where and how Terre des Hommes Netherlands contributes to a world without child exploitation





IMPACT

Terre des Hommes works globally to make the world a better place so that children can develop in a safe environment. We want to structurally eliminate child exploitation. Education, legislation, awareness, shelter, discussing harmful traditional practices and ensuring a broad playing field are all part of what we do. We collaborate with partners, both organisations as well as communities and governments, but also with the police and judicial authorities to create awareness for children's rights. We do so through our five themes: child labour, child trafficking, child sexual exploitation, child abuse and emergency aid. If necessary, we offer emergency aid in the areas where we operate. Following is a glimpse of the impact that we have achieved in 2019 in text, figures and images.



These results are the directly measurable output of the unbridled dedication of our employees and partners in 65 projects (excluding emergency aid) in East Africa, Asia and the Netherlands. The unequivocal method of measuring allows for easy comparison with 2018. In 2019, we were able to offer more children education and legal support. We also trained more children to become Agents of Change. And we collaborated more intensely with the police and judicial authorities as well as the private sector.



Of the four focus areas that receive Terre des Hommes' structural attention, child sexual exploitation accounts for the largest share. We apply the expertise we gain in all regions. In East Africa, we dedicate a lot of attention to child trafficking. We see many children migrate from the countryside to the city with the risk of different forms of child exploitation. We have large projects in Ethiopia and Uganda. In Asia, child marriages are still very common. In India, 27% of the women get married before the age of 18. We pay great attention to this issue in Cambodia, Bangladesh and India. In Europe, we address the issue of sexual exploitation of minors though the WATCH programme.

Breakdown of spending in euro % per theme

Theme	Asia	Europe	East Africa
Child labour	16	46	4
Child trafficking	7	16	41
Child abuse	36		9
Child sexual exploitation	42	38	46
Total	100	100	100

*) Excluding emergency aid

Child labour

For a long time, Terre des Hommes has been combatting the worst forms of child labour (in accordance with ILO convention 182). We make sure that children go to school and look for additional sources of income for the families (better prices for the extraction of mica and alternative sources of income) so that children do not have to work. During the last three years, the focus has mainly been on combating child labour in the mica mines in India. This year, this was followed up by a study on child labour in Madagascar. Based on the outcome of this study, we will start actual projects in 2020. In Uganda, children work in the gold mines. There, we ensured that children could stop working to pursue training.

Mica

Terre des Hommes' expertise, gained in India, from combatting child labour in the mica mines gave rise to also look at child labour in this sector in Madagascar. A study, funded by the Netherlands Enterprise Agency (Rijksdienst voor Ondernemend Nederland) and carried out by the Centre for Research on Multinational Corporations (Stichting Onderzoek Multinationale Ondernemingen), shows, for example, that child labour is the order of the day here, working conditions are distressing and children join their parents to work for lack of schools. The results of the research will be used to start a new programme in 2020 to address child labour in the mica sector in Madagascar.

On 13 February 2020 it was announced that the European Parliament had placed this subject on the agenda, partly based on Terre des Hommes' research report on child labour in Madagascar. This means that both the EU Parliament and the European Commission will work intensively to put an end to child labour.

In India, we continued our work and worked on further improvements. Together with four local partners, we built 41 child-friendly villages where more than 3,300 children are now receiving quality education. 890 families were given support to generate additional income. We also submitted 4,460 applications to the government for social facilities for the different communities.

In addition to activities in India and Madagascar, we worked in Europe on lobbying projects to closely involve governments and the business community in addressing the problem. Together with the Responsible Mica Initiative (RMI), we presented a session in the European Parliament to agree on a **zero-tolerance** policy for child labour on the basis of examples and basic requirements. Our expertise was also deployed at the Responsible Supply Chain summit. In addition, we became a member of the EPRM, the European Partnership for Responsible Minerals, to raise awareness of the conditions of mica mining. Through this network we get to know the distribution chain, the companies involved and we share our knowledge on mica.



This year, the Dutch Senate adopted the Child Labour Due Diligence Act. Terre des Hommes, together with the Dutch CSR Platform, the Girls Advocacy Alliance and the Children's Rights in Development Cooperation and others, has been advocating and helping to shape the description of this law for many years. The new law asks companies to declare that they do all that is necessary to prevent child labour in their supply chains. If it becomes apparent that a company has insufficiently fulfilled its obligations, an administrative fine can be imposed. In addition, company directors who have received multiple fines, may face criminal persecution. A result to be proud of.

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Terre des Hommes is one of the initiators of the Responsible Mica Initiative (RMI). This worldwide do tank - that puts policy into practice - consists of several organisations that are committed to a fair, responsible and sustainable mica supply chain in the states of Jharkhand and Bihar in India. It also aims at eliminating child labour and unacceptable working conditions by 2022. Carol Kok sits on the Board of Directors.





FUNDRAISING & COMMUNICATION FOR CHILD LABOUR

This year, there was no separate fundraising campaign for child labour.

There has been media attention though for the report that was published on child labour in the mica mines in Madagascar. The Dutch newspapers De Volkskrant and Metro, for example, reported on this publication. The US television network NBC showed a documentary on the conditions in the mica mines in Madagascar. They visited the area under the guidance of Terre des Hommes.

In Terre Magazine we show that **64 former child labourers** from the gold mines in Uganda no longer had to work, but obtained their professional diploma. They can start working as welder or tailor and are supported with a start-up kit.

Child trafficking

This year, we have made a particular effort to address child trafficking in the region of East Africa. In East Africa we see children migrate from the countryside to the city in search of a better life. They often have to pay the fact that the grass is not always greener at another location with exploitation. In East Africa we work with different partners in, for example, Ethiopia and Uganda in 2019.

Paths to Safer Childhood in Ethiopia

Terre des Hommes' Paths to Safer Childhood project focuses on child trafficking and unsafe child migration in the north-western migration corridor of the Amhara region in Ethiopia. Here, Terre des Hommes works together with two local partners. This year, we had to face unrest in the region, which forced us to temporarily halt many activities. We did, however, make important progress. We see that, as a result of our efforts, children now regularly attend school and far less children drop out of school. By providing information in school about the risks of child trafficking, children are better informed about the dangers of this form of child exploitation. The local radio and TV also addressed the issue of child trafficking and the government is collaborating with awareness campaigns.

During the Day of the African Child on 16 June, over 6,400 participants participated in activities related to the issue of child trafficking. Through panel discussions, music and drama, participants discussed how to prevent child trafficking and the risks it entails.

Important highlights 2019

3,843 children received aid

4,633 children participated in awareness-raising activities

49,418 children go to school or receive training

962

community members participated in alternative income-generating activities and 410 people have undergone training for this purpose

> **6,548** community members participated in awareness-raising activities

215

children were brought to safety when they were about to be trafficked

1,737 children went to school

171

government officials received training on child protection and children's rights





FUNDRAISING & COMMUNICATION FOR CHILD TRAFFICKING

In Terre Magazine we explain how child trafficking works in Uganda. From promises to begging. Children are promised a prosperous future, but this is usually a fairy tale. We introduce Samson who can go to school thanks to Terre des Hommes, just like his brothers and sisters. His parents also receive aid through alternative sources of income. As a result of this story we sent out a direct mailing that raised € 90,894 to tackle these problems.

Child abuse

Within the topic of child abuse. Terre des Hommes draws attention to child marriages and female genital mutilation. Particularly in Asia, child marriages are a common problem and Terre des Hommes runs various projects here. Child marriages have a devastating effect on the lives of millions of girls. It usually implies that these girls have to drop out of school and many of them get pregnant guickly. A child marriage may have life-threatening consequences: complications during the pregnancy and the delivery are the main cause of death in girls aged 15 to 19. In Tanzania, Terre des Hommes addresses the issue of female circumcision among the Kuria tribe. Physical and psychological mutilation and the clear risk of a forced marriage are the consequences of this harmful ritual. It is important to discuss the consequences of the habits within different cultures to ensure that these problems disappear forever. Cooperation with communities, children and families is crucial.

IMAGE Next India

For the past two years, Terre des Hommes has been working in India on the IMAGE Next project (Initiative for Married Adolescent Girls Empowerment) with married girls and their families. **Over 3.077 married girls** are already participating in the project. **More than 1,400 girls** received education, which gives them a higher status within the families and communities. **Nearly 9,000 girls** (including girls who are at risk of being married off) are involved in explaining children's rights and the risks of traditional customs. **50 girls have been trained as Agents of Change** to share their experiences and warn vulnerable girls as well as their families about the consequences of child marriages. This year, we have given even greater attention to involving the married girls in the evaluation of project components to improve their impact. Another component that received more attention in 2019 is social protection of the girls. This was, for example, achieved by claiming more involvement of the spouses. We raised the issues of children's rights and the dangers and risks of child marriages via radio, printed materials and outdoor activities. A nice achievement obtained through lobbying is the formation of a committee for the welfare of married girls within the Ministry of Women and Child Development. At the kick-off in December, six child brides and their children talked about their situation and needs. In addition, nine recommendations were made to the government to promote children's rights.

Genital mutilation or female circumcision in Tanzania

The tradition of female circumcision does great harm to the girls of the Kuria tribe in Tanzania. Physical and psychological mutilation and the clear risk of a forced marriage are the consequences of this harmful ritual. As in previous years, Terre des Hommes worked with a local partner to break this tradition and to ensure compliance with children's rights.



This is done by offering an alternative ritual and by engaging in discussions with the community. This year, **557 girls** were saved from genital mutilation by giving them temporary accommodation in our partner's shelter during the circumcision period. Here, they receive information on the consequences of circumcision and on sex. They are made more resilient and learn to stand up for themselves within the framework of the Kuria traditions. After following the process for three successive years, they participate in an alternative ceremony to celebrate that they have become a woman. The ceremony consists of a festive award ceremony and parade, and parents have to sign a contract in which they promise not to have their daughter circumcised later on. After the ceremony, many girls are committed to also protect other girls from getting circumcised.

Also, last year a new District Chief was appointed who is also in charge of directing the police. He is fiercely opposed to circumcision and has, for the first time, deployed the army to combat female circumcision. This is reflected in the figures: in 2019 a total of **142 people were arrested**, including circumcisers, parents and family members, young men who force girls to be circumcised and traditional leaders.

Given our knowledge in this area, Terre des Hommes was invited to speak at the ISPCAN (International Society for the Prevention of Child Abuse & Neglect) International Congress.





FUNDRAISING & COMMUNICATION FOR **CHILD ABUSE**

This year we have had various opportunities for communication and organized various fundraising events relating to child abuse. We joined a journalist of the Dutch AD newspaper to face the horrors of female circumcision, but also to show the solution that Terre des Hommes offers to reverse this cultural tradition. The trip resulted in two extensive articles in the Algemeen Dagblad about this subject. In the fall, Terre des Hommes asked its existing donors to make an additional donation for this topic for the IMAGE child bride programme. The story of Reshmi, the 16-year-old child bride with two daughters who now owns her own beauty salon, shows how aid impacts the lives of these child brides. This direct mailing raised € 69,669



Child sexual exploitation

Child sexual exploitation remains one of the most visible topics in Terre des Hommes' strategy and communication. Both in the Netherlands and abroad is Terre des Hommes committed with several projects to address this form of child abuse and we spend **over 44% of our resources** on this topic. Our expertise in this area is regularly enlisted.

WATCH Nederland

Besides being active abroad, Terre des Hommes also considers it important to lend a helping hand to minors in the Netherlands. In 2019. WATCH Nederland worked hard to shape its role and position in the chain of combatting sexual exploitation of minors in the Netherlands. Stakeholders such as police, public prosecutors and care institutions know where to find us and we are recognised as a serious discussion partner. Our own staff has been professionalised further through education and training. We also worked on further optimisation of software to generate even more impact with our work (processing speed, guality and safety and identifying sexual exploitation of minors). Through the hotline we received approximately 100 reports of which 49 were handed over to the police This constitutes a slight decrease compared to last year. This is partly due to the fact that we said goodbye to our partner CKM-Fier in June. This has temporarily affected the accessibility of the hotline. Through our bait advertisements in which alleged minors present themselves, we have called **40 potential abusers** to account and warned them about their unauthorised behaviour. Thanks to our OSINT-voyager 'search engine' we were able to identify 90 suspicious advertisements and hand them over to the police.

Together with the police, one of the WATCH Nederland investigators reviewed five possible cases of sexual exploitation of boys. We also worked on prevention and information provision by speaking at schools, at the municipality of Tilburg, during the 'Sexual Exploitation by Men' expert meeting in Eindhoven, at the Rotterdam city council and at the 'Trafficking in Human Beings' theme day. On 24 April, Terre des Hommes published an article in the Nederlands Dagblad to hold the Parliament accountable for the slow implementation of the 'Together against Trafficking in Human Beings' programme. As a result of this, the House of Representatives promised to take action.

In March 2019, the grooming law was amended, making it punishable to make a sex appointment with a virtual creation or a person pretending to be a minor under the age of 16 through an online communication service. Terre des Hommes made a major contribution to this new law.



WATCH Asia

At the end of 2018. Terre des Hommes started a new project in Cambodia for the fight against child sex tourism. This project has been further developed in 2019. We have carried out extensive research into the development of child sex tourism and related networks in Cambodia. This provides guidance for the development of our programme. 6,350 community members and children were informed with new materials about the dangers of Internet and increasing tourism. With these new materials we stimulate participation of children, so that the message is better conveyed. 31 victims received aid in legal proceedings. In addition, 1,746 police officers were trained to put children at ease during interrogations and child-friendly spaces have been created. Another way to reach children is by working with young Agents of Change. 12 young people have been trained and are active on social media to raise awareness about children's rights. They also provide training at schools, for example, to warn about the dangers of Internet.



Tackling sexual exploitation in Kenya

Thousands of children in Kenya are incited to sexual exploitation; by human traffickers, family members, peers or poverty. Adult men travel to and within Kenya to sexually abuse children in exchange for money. Terre des Hommes carries out various projects with local partner organisations. Together we remove children from the environment in which they are being abused and take care of them through our partner organisations. We offer children medical and psychosocial aid, information and ensure that they can go back to school. We also collaborate with the police.

161

victims were responded to and assisted

238 children at risk were assisted to go to school

31 schools were visited to provide information about child sexual exploitation. Over

Over

770 children participated

191

families received assistance to create alternative sources of income so children do not have to be forced to earn money

11

child protection committees were created with over

200

members. These people have also been trained Thanks to collaboration with the local government, four scholarships were awarded. This also shows that the government is committed to addressing child sexual exploitation. We also involve companies to create internships.

Most cases of child sexual exploitation are not reported to the police. This has to change and is an important issue that requires attention. As of this year, our local project partner is a member of the Court Users Committee (CUC), one of the coastal courts in Kenya. This body allows us to continuously draw law enforcement officials' attention to addressing this problem.

Educating children and communities about sexual exploitation is often done through educational theatre involving participants. Actors re-enact situations within communities and at schools. The audience is involved in the discussion about the problems they depict. The public is also asked to take on roles. Members of children's rights clubs also use this method to create awareness among their peers.



Terre des Hommes has shared knowledge and insights with the African Union (Africa's highest political body) and made recommendations concerning online sexual exploitation based on our knowledge gained in Kenya. This was in preparation for a summit of Heads of State and Government at the end of 2019.



One of the main pillars of this alliance of Terre des Hommes, Plan International Nederland, Defence for Children - ECPAT, Free a Girl and ICCO Cooperation is to address the issue of child sexual exploitation in travel and tourism. In 2019, a guideline was drawn up for civil society organisations as to how to collaborate with the business community to better address this issue. Some of the results achieved in 2019:

Collaboration with businesses

- At the request of Terre des Hommes' partner,
 Facebook Thailand has removed and continues to remove all posts related to child sexual exploitation.
- A web hosting provider has given our local partner access to remove content if it is related to child sexual exploitation.
- 20 hotels in India assist in distributing leaflets in their hotels to denounce child sexual exploitation.
- During a hackathon supported by seven partner IT companies in the Philippines, six innovative IT solutions have been identified to address child sexual exploitation.

Collaboration with police & judicial authorities

- Through legal support from DtZ, two Thai victims of sexual exploitation (6 and 17 years of age) received compensation from the perpetrators. This example encourages others to do the same and to severely penalize many perpetrators this way.
- In Indonesia, a child-friendly approach to court cases has been implemented. Children were allowed to see the court case beforehand to prepare themselves and social workers are admitted during the hearing to support the children.

With the photo exhibition 'This is me' we raised awareness of the issue of sexual exploitation of minors in 2019. We exhibited at various locations in the Netherlands, including the Ministry of Foreign Affairs and also in Thailand. In the Netherlands, the programme received great publicity in, for example, the magazine VROUW, and the newspapers De Telegraaf, Trouw and the AD.



With Plan International Nederland and Defence for Children-ECPAT, we work in the **Girls Advocacy Alliance** (GAA) to eliminate violence against girls and young women and to increase their economic opportunities in the society. We often work with youth advocates to explain the issues in the different countries.

Some satisfying results

- In September, at the invitation of the GAA, 20 youth lobbyists from 10 countries in Africa and Asia came to the Netherlands for a few days to talk to each other and the House of Representatives.
- 20-year-old Emily from Kenya addressed the UN Human Rights Council about the situation in Kenya and these issues will be further developed in the GAA programme in 2020.
- Three youth lobbyists, Mau (16) from the Philippines, Hiba (19) from Ghana and Ayesha (21) from Sierra Leone spent a week at the United Nations (UN) High Level Political Forum in New York to highlight the importance of girls' rights and education.

The newspapers Trouw, Straatnieuws and 7Days published portraits of the GAA youth advocates, which allowed us to raise awareness of the issues and how the GAA operates with the Dutch public.



We are part of the European Financial Coalition of Europol where we work with financial service providers who often play a role in, for example, online payments, to see how we can stop online child sexual exploitation.





FUNDRAISING & COMMUNICATION FOR CHILD SEXUAL EXPLOITATION

This year, our fundraising and communication campaigns had a strong focus on sexual exploitation. At the beginning of 2019, ambassador Roelof Hemmen's trip to the Philippines as an alleged sex tourist generated considerable media attention. He was a guest in Eva Jinek's programme to give explanations for this action. His trip also received a lot of attention in TV programmes such as RTL Boulevard, Editie NL, RTL 5 Uur Live, Hart van NL as well as on the radio. The aim of the trip was to visualize sex tourism in an ongoing investigation against a number of child traffickers who offer children for sex against payment. The material contributes to the prosecution of these child traffickers. As a result of the trip, one of the 'pimps' from the network was arrested. A number of children were freed and the girl who Roelof supposedly was to meet is no longer presented.

Campaigns

In June, we campaigned to raise awareness of child sexual exploitation by tourists on the Kenyan coast. Through social media, radio and TV (direct response TV ad), Terre des Hommes called for attention to be given to this issue. The campaign reached a large audience and increased awareness. Within this campaign several tests were carried out, for example with Tikkie and Direct Response Television. Unfortunately, this did not allow us to fully achieve our objectives. Points for improvement will be included in subsequent campaigns.

Attention is also given to child sexual exploitation in Kenya itself. A well-known Kenyan investigative journalist published the story of Diani about sex, sand, money and children 'Diani's alter ego'.

At the end of November, we campaigned for our WATCH Nederland project in order to inform Dutch citizens about our strategy against human trafficking in the Netherlands. Terre des Hommes clarified its approach to tackle loverboys through radio commercials, online media and outdoor billboards. This campaign reached many people and we received many compliments on our work and for raising awareness of the issue. The campaign kick-off, which allowed journalists to experience live how WATCH works, also generated a lot of publicity. The tone of voice that we use is sometimes provocative. This campaign also generated a number of reactions from donors who disagreed with our way of communicating.

From WATCH Nederland we are regularly asked for expert commentary when high-profile cases of child sexual abuse in the Netherlands appear in the news. We have, for example, been invited by the NOS Journaal, RTL4 Koffietijd, Editie NL and Radio 1.

We have also sent out fundraising Direct Mailings about this subject. This was done among our existing donors. We raised € 79,798 for sexual exploitation of minors in Kenya and the campaign for WATCH Nederland yielded **€ 129,562**. The campaign we conducted to raise awareness of sex tourism in Cambodia in December 2018, resulted in an amount of **€ 41,520**.



Emergency aid

For many families and households with children their place of residence turns out to be a dangerous place and, often in collaboration with other NGOs, we are forced to intervene as precisely in these types of crises children are particularly vulnerable. Exploitation of children is than a real danger. The Syrian crisis remains unabated with displaced people within Syria but also in surrounding countries such as Lebanon and Jordan. Due to political unrest we are present in Venezuela, Nigeria and Bangladesh to protect vulnerable groups of children with prevention measures, to provide education and pay attention to health. In this way, we aim to improve the living conditions of children living in these disaster areas.



Cooperating Aid Organisations

In the event of extraordinary disasters, Terre des Hommes collaborates with other aid organisations as Cooperating Aid Organisations and we raise money through Giro555. We contribute to the projects through activities and expertise if we have a

presence in the affected areas. In 2019, we have not participated in any activities of the Cooperating Aid Organisations.



Dutch Relief Alliance

Within emergency aid we often collaborate with different partners in so-called Joint Response projects that are implemented by the Dutch Relief Alliance (DRA). These are financed by the Ministry of Foreign Affairs. Together with other NGOs, we have been active in six projects (Joint Responses), sometimes through our sister organisations of the Terre des Hommes Foundation. Within the DRA projects, Terre des Hommes mainly focuses on protection of children, food security, WASH (water sanitation hygiene) and healthcare. So-called cash transfers, the provision of funds in emergencies, are also direct measures that can improve the living conditions of families.

The overall impact in figures for the DRA projects is as follows:

38,249 people gained access to WASH facilities

7,746 people benefited from health care services

53,591 people received protection

9,216 people gained access to food

Venezuela/ Colombia Joint Response 2019

Duration: February - August 2019 Collaboration with sister organisations: Terre des Hommes Italy and Terre des Hommes Lausanne

About three million Venezuelans have escaped the country because of the severe political and economic crisis. We distributed food vouchers to **2,945 families with children** most at risk. We trained **180 local aid workers** and set up and staffed three safe locations to provide psychosocial support and legal advice, thereby helping **over 28,000 people**.

Afghanistan Joint Response 2019

Duration: January - December 2019 Collaboration with sister organisation: Terre des Hommes Lausanne

In eastern Afghanistan, along the border with Pakistan, we offer aid to people displaced by conflict and to Afghans who return after having lived in Pakistan and Iran for years. We helped a **total of 3,871 people**. Children pursue training/vocational education such as seamstress or technician. We also train **130 staff members of local organisations** how to help children and families. **Syria Joint Response 2019** Duration: January - December 2019 Collaboration with sister organisation: Terre des Hommes Italy

Due to the war in Syria that has been raging for over six years, **over 13.5 million people** need help. Fleeing the violence, many live in camps, children do not attend school and face a risk of exploitation. Terre des Hommes is particularly committed to people with disabilities. They receive medical aid and physiotherapy. In addition, we provided food vouchers to **2,400 people**. We reached **801 children** with awareness raising sessions about, for example, gender-related violence and how to deal with it, dealing with your disability and dealing with stress. In Aleppo and Jaramaja we give physiotherapy, make house visits and make an inventory of assistive devices such as wheelchairs and orthopaedic equipment required to improve the lives of people with disabilities and also provide these. We reached **1,700 people** with this aid.




8-year-old Amin from Damascus in Syria was partially paralysed after a serious car accident. Fortunately, he was able to go to a rehabilitation centre after hospitalisation, which, with the support of Terre des Hommes, helps children like Amin with their recovery.

••You have given Amin and me hope again.»

When Amin first came to the rehabilitation centre in the province of Damascus, he was still in a serious condition. As a result of the collision, Amin had a brain haemorrhage, which had left him in a coma for over 40 days and partially paralysed. Amin could no longer walk or move his arms and he had speech impairments and a balance disorder. Nevertheless, Terre des Hommes' team of doctors and physiotherapists remained hopeful; they believed that an intensive treatment could give Amin a future again.

Thanks to Amin's perseverance, the commitment of the counsellors and his family's dedication, Amin is progressing well. After six months the difference is impressive. His physiotherapist: 'We have never lost hope of recovery and we will continue as long as we see improvement so that Amin can lead as normal a life as possible.'

Aid to children with disabilities in a war zone like Syria is essential. Adequate medical care and help with rehabilitation is lacking and children with disabilities are more often discriminated against and excluded. This is one of the reasons why Terre des Hommes continues to dedicate itself to children like Amin so that he can also be a normal child again. 'You have given me and my son hope again', says his mother emotionally. 'I believe in life again.'

Nigeria Joint Response 2019

Duration: January - December 2019 Collaboration with sister organisation: Terre des Hommes Lausanne

The presence of armed opposition groups in North East Nigeria has caused much unrest in the area, forcing many people to leave their homes. They need medical care, WASH and shelter. A selection from the aid provided: **5,000 households** have been provided with soap and other hygiene products and **20 hand-washing stations** have been installed. People have been trained to check if the water remains hygienic. **18,600 people** can use two waste disposal stations. This ensures more hygiene in the living environment. We also make **over 37,000 people** aware of the importance of hygiene. We set up a health centre with WASH, light and power supply where **2,248 people were counselled. We have provided over 3,500 women with aftercare after giving birth**. And we trained **more than 197 people on child protection**.

Ukraine

Duration: phasing out January 2019 - July 2019

Together with four other NGOs, we provided aid in Eastern Ukraine to people who were forced to leave their homes because of political unrest. During the phasing out of the project in 2019, Terre des Hommes was able to protect **5,610 people** by giving them psychosocial support and took care of handing over the protection of children to the local parties.

Iraq

Duration: phasing out January 2019 - June 2019

In 2019, the Dutch Relief Alliance project in Iraq, unfortunately, had to complete its activities as a result of expiring funding, despite the ongoing need according to Terre des Hommes and the other NGO partners to remain present as external party in order to improve the situation in Mosul. During the year of phasing out, our main task consisted of handing over our activities to local organisations. We gave various training courses to local partners to improve the quality of the approach and the organisational capacity of the local partners.



European Union Civil Protection and Humanitarian Aid

Through the European Civil Protection and Humanitarian Aid Operations (ECHO) fund, two projects are funded:

Iraq

Duration: March 2019 - November 2019 Collaboration with sister organisation: Terre des Hommes Lausanne

The turmoil in northern Iraq forces many people to flee and to live in temporary refugee camps. Terre des Hommes is primarily concerned with the protection of children. A selection from the aid provided: **Nearly 30,000 children** receive some form of education, **1,163 people** participate in awareness raising activities, eight schools have been set up and **7,000 children** receive psychosocial support.





Within this project the children speak of the 'Magic Bus'. This nickname refers to the exceptional work done by the aid workers from the bus in providing basic education to children, psychosocial support and from where help is also provided to rebuild schools.

Bangladesh

Duration: May 2019 - December 2019 Collaboration with sister organisation: Terre des Hommes Lausanne

Bangladesh has to deal with refugees from Myanmar. Due to the massive influx of refugees, the aid is often chaotic. Terre des Hommes focuses on healthcare, WASH activities and protection in two refugee camps in Cox's Bazaar. During this period, additional research has been done into the aid requirements of boy victims of sexual exploitation. This was another way of raising awareness of the subject.

Lebanon and Jordan

In Lebanon and Jordan, hundreds of thousands of Syrian refugee children are waiting for peace in their country. To ensure that these children do not fall behind in their education, Terre des Hommes, together with War Child, AVSI and financial support provided by the EU MADAD Fund, worked on the Back to the Future project. This programme provides schooling to Syrian refugees in Lebanon and Jordan. The project was carried out together with Terre des Hommes Italy. Terre des Hommes Netherlands was responsible for communication regarding the project. Thanks to the project that was completed in 2019, **21,700 children went back to school and 20 schools were refurbished, we trained 44 educational experts and reached over 56,000 people with home visits and information about education opportunities**. The second phase of the project has already been initiated in Lebanon but without Terre des Hommes.





FUNDRAISING & COMMUNICATION FOR EMERGENCY AID

For the first time, Terre des Hommes, in cooperation with the Federation, has received support from the European Civil Protection and Humanitarian Aid Operations (ECHO) fund. This support allowed us to finance two projects in Bangladesh and Iraq.

The funds for the DRA projects in 2019 were raised by Terre des Hommes Netherlands and the projects were carried out by our sister organisations Terre des Hommes Italy and Terre des Hommes Lausanne.





COMMUNICATION WITH OUR CONSTITUENCY

Terre des Hommes is proud of its constituency and the support that we receive. All donations, big and small, but also all the attention that we receive, help us to stop child exploitation. We consider it very important to regularly inform our constituency about the results that we have achieved with their donations and why our work is of vital importance. We use a mix of communication tools and listen to the needs of our donors. In addition, the impact of our work is also communicated through the media. We maintain close relationships with journalists to inform them about the topics to which Terre des Hommes wants to draw attention. We enthuse new potential donors about Terre des Hommes' work through (social) media.

With whom do we interact?



Every year, we conduct an online donor survey to ask our constituency about their level of satisfaction with the work we do. This year, nearly 1,600 respondents completed the questionnaire. We are pleased with the satisfaction score of 8.1, but continue to strive for an even better result. Our donor service deserves great praise. With a score of 8.5, they scored above the average satisfaction rate (increase of 2.4%). Terre des Hommes pays great attention to this through training and inspiration sessions, so that our employees can solve problems quickly and are helpful.

tdh.nl

Our website is an important tool to show the work we do for children. We therefore keep this website as up to date as possible and this is where we post the latest news. Maintaining a website is time-consuming and we have noticed that, due to a lack of capacity, unfortunately we have not always been able to keep all projects up to date. Per month, our site has over 30,000 unique visitors, a growth of 18% compared to last year. For 2019, we had planned a new website. The new website is expected to be launched in Q2 of 2020.

Social media

Social media is an important medium for Terre des Hommes to communicate with our constituency and to establish a dialogue. This medium is also extremely suitable to enthuse new people about our work.

In 2019, we didn't focus so much on increasing the number of followers, but more on involving quality followers and raising enthusiasm among them for our work. We do this by posting high-impact content and asking people for their opinion, to share our work, to make a donation or to go to our website to read more about our work. It is important to Terre des Hommes to have quality followers. They are more involved in the work of Terre des Hommes and will be more inclined to support our projects. On Facebook, Instagram and LinkedIn people responded more often to our messages with a comment or 'like' than in 2018. We also reached considerably more people on Instagram and LinkedIn.

FB	53,813	- 1%
Instagram	2,875	+ 10%
Linkedin	3,695	+ 50%
Twitter	5,595	+1%

Terre Magazine & Terre Online

Through our membership magazine Terre Magazine we share stories, results and information about our projects. The magazine appears three times per year. All topics that we are involved in, are addressed. In the donor survey of 2018, some of our members indicated that they felt it to be a waste to have a paper version. This year we therefore started Terre Online. By now, almost 10,000 donors and interested parties have signed up for the digital version of Terre Magazine.

Each month, we send out newsletters with the latest results from the field, lobbying results, stories from children or aid workers and current developments in the Netherlands. We measure the click behaviour of the readers, which allows us to always focus on those issues that our readers consider important.



Annual report & interim reports

In the annual report we look back and account for our work as clearly as possible. In addition to the full version, we create an online summary containing the highlights of the year. Besides our own report, we also prepare reports for the Dutch Postcode Lottery as to how we allocate their donation and we prepare interim reports for projects that are financed by the government.

Media

Apart from using (limited) paid media, we also use a lot of free publicity by raising awareness through striking actions and interesting reports about child exploitation. In the past year, we have appeared in the media on a regular basis and attracted attention. Terre des Hommes was cited in over 350 Dutch reports. We also regularly appeared in Dutch newspapers to tell our story, such as for example Trouw, De Telegraaf, AD, NRC and other regional newspapers. On several occasions we have also been asked to join a TV programme (Jinek, Editie NL, RTL Boulevard, NOS Journaal, Koffietijd and RTL5 Live) or to comment on the radio (NPO radio 1, Radio 5). This concerned our expertise in the field of child labour in the mica mines and sexual exploitation of children in the Netherlands and Asia. Further details can be found in the chapter 'Impact'.

Ambassadors

Also in 2019, our ambassadors helped to use their network to promote the work of Terre des Hommes. This is very much appreciated. They travelled for us, helped with campaigns and assisted the Terre des Hommes shops during events.



At the end of 2018, Roelof Hemmen travelled undercover as a sex tourist to the Philippines to show how easy children can be sexually exploited.



On 14 February, 100 donors attended the sneak preview of the new programme of Introdans as a token of appreciation for their membership.

Our ambassadors:

















Daniel Montero Real ballet dancer Dutch National Ballet

Roelof Hemmen journalist & presenter

Dolores Leeuwin presenter

Brooke Newman dancer at Introdans

Nelson Munyiri singer and ambassador in East Africa

Thekla Reuten actress

3JS nederpop trio



This year, the 3JS again performed several times in the Terre des Hommes shops.



As of the end of November, Lucy Woesthoff will be our new ambassador.

"As ambassador I want to make people aware of the enormous scale of child exploitation. By giving tools and tips on how to protect not only your own children but also those of others, I hope to inspire parents to take action and not to bury their head in the sand."

Lucy Woesthoff, businesswoman & writer







Terre des Hommes shops

We are delighted with the **more than 1,800 volunteers** who often work more than five days a week to make the **44 Terre des Hommes shops** a great success. Besides the sale of second-hand goods, they also organise many events and give us publicity to promote Terre des Hommes' work. This year, two volunteers made a project visit to Kenya and Uganda to see for themselves what the money raised by the shops is spent on. Our colleagues from Asia also visit the shops this year.



SUPPORT FOR OUR WORK

Coordinating the recruitment of new donors, maintaining loyalty programmes and the development of our donor base are crucial. The use of data, doing research and listening to donors and prospects helps us to tighten up and improve our work. Analyses of fundraising campaigns provide insight and enable us to better tailor follow-up activities with the wishes and needs of the donors. This translates into lower costs as well as higher profits and therefore a higher return on investment. A good donor service and sound administrative processes are also essential. Each contact, each campaign, each publication is an opportunity to involve the public and to bring people on our mission with us, to inspire them and to engage them. Donations, involvement and interaction together constitute the result of our work.

Donors

Many of our donors have been donors of Terre des Hommes for years. Unfortunately, we also have to face an outflow every year. This year, we have **almost 65,000 donors**, a slight decrease compared to last year (-2%). The good news is that the number of new registrations substantially increased compared to last year. Unfortunately, however, there is still more outflow.

Despite our attempts to recruit new donors through other channels, we are still dependent on face-to-face recruitment. In order to provide the recruiters with the best possible information, trainings are given prior to each campaign. Despite these efforts we see that this channel is under pressure. All recruitment agencies have difficulties retaining their recruiters, attract new recruiters and maintain the high quality of donors. It also remains a risk that the government introduces legislation to limit door-to-door fundraising.

At the end of 2019, we wrote to 60,000 non-donors asking for a one-off donation. Subsequently, we thanked them with a Terre Welcome and a request to become a donor. The pilot was successful and will be rolled out in March 2020. We successfully introduced and tested a lead campaign on social media. Leads are collected via Facebook and followed up by e-mail and telemarketing. We have been able to welcome **nearly 600 new donors** this way. We also ran a successful telemarketing campaign in which we approached former donors and asked them to support us again. **329 people** responded positively and we may welcome them again in our constituency.

Periodic donations

Through our magazine we regularly inform our donors about the benefits of making periodic donations. When donating periodically, a contribution can be made tax deductible. The 5-year agreement assures us of income.

Major donors & inheritances

Each year, we can count on inheritances from our donors. A very special way of giving. In 2019, an amount of **€ 1,772,716** was paid out in inheritances. A clear increase (+33%) compared to last year. With the appointment of a new colleague in 2020 we hope to make even more people aware of the possibility to continue to help children even after having died.

This also applies to our major donors. Due to lack of capacity this group has not been adequately served and grown last year. This group of donors requires a personal approach and unique projects. Insights into their wishes and needs are critical. This will also be a challenge for our new colleague in 2020.

Institutional fundraising

In 2019, we received the support of over 30 foundations in our fight against child exploitation. With most of them we have already been working for quite some time. One of them, Stichting 10 september 1960, supports us with a project in Uganda where children are at risk of becoming victims of sexual exploitation. In 2019, we also welcomed a number of new international foundations and organisations, such as for example Comic Relief. They offer support to the IMAGE Next project in India. We are extremely pleased with the support of these socially responsible organisations. Together we can even faster achieve our mission to put an end to child exploitation worldwide.

Actions

In 2019, the volunteers working in the shops, private individuals and businesses have implemented quite a few actions. Any amount that we receive is wonderful and provides many children with a new opportunity for a better future. In 2019, we wanted to further professionalise and promote our Kom in actie (Take action) programme. We have not fully succeeded and will pursue this in 2020. Nevertheless, great actions have been put in place. Below follows a selection of the activities:

A primary school in Bergen op Zoom collected toys. Boxes full of fun games and other toys were handed over to the shop to sell.

This is another way to help Terre des Hommes.

Children of Kinderopvang KERN raised over € 600 by selling cupcakes.

A charity run organised by Integraal Kindcentrum Sancta Maria in Bergen op Zoom raised no less than € 4,500.

Citco's sports performance, completing the Dam to Dam run, raised € 690.

When it is your birthday and you already have everything you need, you can ask your guests to make a donation to

Terre des Hommes. This is what Laura de Hoogd and Johan van Wilgen did. They raised as much as € 1,000.



Terre des Hommes shops

In addition to being a showpiece of Terre des Hommes and ambassador of our work, our shops are an important source of income. This is reflected in the all-time high net contribution of €1,397,594 that the shops realised this year. This is mainly achieved by selling second-hand goods that the shops receive from private individuals and businesses. On a regular basis we also receive new products from Dille & Kamille to sell in our shops. With great enthusiasm, attention is generated and money is raised through different activities, from fashion shows and fairs to the Zeeland bike tour.

Supported by

Dutch Postcode Lottery

The recognition from the Dutch Postcode Lottery for our work was extra special this year. In addition to our annual contribution of **€ 2.25 million**, in March we were awarded an Extra Draw with the incredible

amount of **€ 2.97 million** for a special project: #Sweetie24/7. This project ensures the handover of Sweetie to the authorities in order to eliminate sexual exploitation of children on a large scale together with law enforcement officers, companies, NGOs and individual experts. We are extremely grateful for the annual contribution of the Dutch Postcode Lottery and are preparing ourselves for the five-year review in 2020.



"We know Terre des Hommes as a global expert in combatting online sexual exploitation. This prompted us to grant an additional project contribution for the #Sweetie24/7 project. Thanks to our participants, Terre des Hommes works with this innovative project on a structural solution to eradicate webcam child sex tourism permanently."

> - Margriet Schreuders, Head Charity Department – Dutch Charity Lotteries



ORGANISATION

Terre des Hommes is an organisation that is fully committed to the well-being of children. That motivates our people and binds our employees. With a relatively small organisation, 36 employees at headquarters in The Hague and 101 in Asia, East Africa and in our projects in the Netherlands, we are able to support and supervise over 74 projects each year. In those parts of the world, we help children to rebuild a meaningful life with a prospect of a better future. Our people work extremely hard, sometimes day and night. The enthusiasm and dedication of our people are impressive. A well-functioning organisation with capable people is crucial in our fight against child exploitation. Terre des Hommes is a foundation that is managed by a Supervisory Board, with Carel Kok as Managing Director being responsible for the daily management of our organisation. The Supervisory Board monitors, gives advice on and supervises the delivery of results.

Reorganisation and new impetus

This year, we have taken major steps forward in several areas to put our organisation in order. All HR processes have been audited and a number of processes have been selected for further modernisation. We revised the assessment process and shared this with our personnel and next year we will review and adjust the recruitment and selection process. In the area of Operations, policy documents are centralised and made accessible to all countries and thus easier to find for our employees. However, the positive impact that should follow from this is not yet visible and the changes that are required are still too slow.

This year, staff turnover remained too high resulting in capacity constraints in the various departments. Where

necessary, we resolved this with temporary staff. In order to achieve structural improvement we analysed the staff turnover and points for improvement are taken into account. The effect of these measures will only be visible in 2020.

In order to improve the working environment, we renovated the entire exterior of our headquarters, thereby creating a better workplace for our employees (better insulation). We believe it is important for our people to be able to work in a healthy and pleasant working environment. Improvement areas that we will continue to work on in 2020 include: improvement of the recruitment and selection process, better internal communication and improving transparency and trust.



This year, unfortunately, we had to say goodbye far too early to our former chairman and one of the founders of Terre des Hommes in the Netherlands: Jelle Vleer. His vision and efforts helped shape Terre des Hommes into the organisation as we know it today. To keep in touch with our international network, inspire and innovate each other and to share knowledge we organise the annual Development Conference (DevCon). This one-week conference is held at the headquarters and is organised with and for our employees. Employees from all over the region have addressed various issues through workshops. Action points from this meeting have been developed into new projects or directly applied in our cooperation.

Organisational structure and employees

Terre des Hommes Netherlands is an independent foundation consisting of the headquarters and project staff in The Hague and regional offices in Nairobi (East Africa Region) and Phnom Penh (Asia Region) as well as staff in the country offices. In addition, there are 44 Terre des Hommes shops in the Netherlands that operate as independent foundations to generate income for the Terre des Hommes Netherlands Foundation. Terre des Hommes Netherlands is a vertically integrated NGO, which means that we carry out all our activities under our own management, from fundraising and communication up to the implementation of our field projects.

Terre des Hommes Internationale Federation (TDHIF)

We have been an independent member of the Terre des Hommes International Federation (TDHIF) since 1966. This umbrella Terre des Hommes Federation consists of six members and three associate members. Each organisation has its own board and projects. By using each other's networks we are stronger and can achieve more. As General Manager of Terre des Hommes Netherlands, Carel Kok is one of the board members of the Federation. The members are: the Netherlands, Germany, France, Switzerland, Lausanne and Italy. Associate members are: Luxemburg, Denmark and Spain. Together they operate in **67 countries worldwide** with an overall budget of more than € **180 million** divided over **more than 800 projects**. Terre des Hommes Netherlands is very active in various working groups within this international organisation that focuses on collaboration in the areas of lobbying, campaigning, emergency assistance and cost optimisation. We also work together on grant applications and carry out projects with and for each other.



Organigram management team 2019



LT **Carel Kok** CEO



Lone Vaerndal Head Fundraising & Communication per 1 December

Raphael Kariuki Head East Africa

Eric van der Lee Head Asia

Arelys Yanez Manager Institutional Partnerships

Leonard Zijlstra Manager Lobby & Expertise

LT Sacha van Ulft Head Finance & ICT

LT **Desiree Willemsen**

Manager HR & Operations

Management team

The organisation is managed by a management team of eight members including the Managing Director. This team supervises progress and monitors the organisation in all its facets on the basis of an annual plan. There have been several training sessions to inspire the management team on the various issues they are facing (including risk management and collective mindset).

Carel Kok has been the Managing Director of Terre des Hommes Netherlands since 2017. He directs the management team and is responsible for 137 employees and over 1,800 volunteers. He is also regularly present in the regions to monitor the progress and impact of the projects.

Key figures 2019

At the end of 2019, the workforce consisted of 130.7 FTEs. Because a number of employees work part-time, the number of staff employed is a slightly higher. At the end of 2019, we had 137 employees.

	TOTAL	HEADQUARTERS	ASIA	EAST AFRICA*	NETHERLANDS*
Number of FTEs at year	130.7	33.1	54	32	11.7
end 2019	(2018:127.9)	(2018: 34.8)	(2018: 60)	(2018: 26)	(2018: 6.8)
Number of employees at year end 2019	137	36	54	32	15
	(2018: 133)	(2018: 37)	(2018: 60)	(2018: 26)	(2018: 10)

The number of FTEs at headquarters remained almost the same. In the regions there is a slight decrease in Asia, which can be explained by outflow in 2018 and vacancies that have not yet been filled. In East Africa, it is the other way around, where we had vacancies in 2018, these were largely filled in 2019. The increase in the number of employees in the Netherlands concerns employees who participate in projects and programmes that are launched and implemented from the Netherlands or within the Netherlands. This growth is in line with our policy to grow financially and to achieve more added value, quality, capacity and impact through closer involvement in our projects and partners.

Interns

By guiding interns and making work experience places available, we contribute to the development of young talent and show the impact NGOs can achieve in the fight against child exploitation. We are extremely pleased with their commitment.

In 2019, we had five interns: three to support the WATCH Nederland programme and two in the Marketing and Fundraising department.

Illness

As Terre des Hommes we attach great importance to the health of our employees. We do everything in our power to design the quality of our working environment in such a way to create a healthy working environment. The rate of sick leave at headquarters was 4.8% in 2019 (2018: 8.9%). This percentage is still dominated by long-term sick or people who were not in the right place. The sharp decrease can be explained by the fact that we had less long-term sick in 2019. The Occupational Health and Safety Service Human Capital Care is responsible for absence supervision.

Whistle-blower procedure

Terre des Hommes has a whistle-blower procedure that makes it possible for both employees and third parties to report (serious) wrongdoings with regard to Terre des Hommes. In 2019, no reports were received.

Fraud

In 2019, no cases of fraud were detected.

Counsellor

After the departure of our internal counsellor at the end of 2019, it was decided, also in view of the size of the

organisation, to retain only the external counsellor to whom employees can appeal for help, through the Occupational Health and Safety Service.

Staff representation

This year, we started with a staff representative body (PVT). This committee represents the employees and consists of three members who initially consult with management and the Manager HR & Operations six times a year. Experience has shown that this is a lot. It was decided to reduce this to three times a year. During these meetings, the day-to-day functioning of the organisation is discussed. The PVT monitors, reviews and advises on the policy to be pursued. The PVT does not deal with complaints from individual employees. Both employees (through the PVT) and management can put forward subjects for these meetings. Employees are also heard via this sounding board.

Quality assurance

Terre des Hommes is certified in accordance with the ISO 9001:2015 standard. The standard requires the organisation to fully understand the context in which it operates, to adjust its strategy and policy accordingly, to be able to identify risks and apply control measures to said risks. Terre des Hommes is expected to look at both internal and external factors that may influence the quality of its work. Terre des Hommes works with a quality management system. This system provides the management team with insight into and control over the risks that might jeopardise Terre des Hommes' continued operation, provided these are adequately controlled. In the unlikely event that something goes wrong, there are protocols in place to flag the error, trace its cause and implement improvement measures.

In addition to the ISO standard, the quality of governance by Terre des Hommes is ensured by a separation between the supervision, management and execution functions.

The Supervisory Board monitors the functioning of the Executive Board and the general course of affairs within Terre des Hommes. The Board of Directors is charged with the management of the organisation.

Terre des Hommes also endorses the Good Governance Code for Charities of charities in the Netherlands. Since 2008, the code has been incorporated into the Regulations CBF (Central Bureau on Fundraising) Recognition for Charitable Organisations.

In addition to the Good Governance Code, Terre des Hommes observes the following codes and guidelines:

- SBF-Good Governance Code
- Directives for Annual Reporting (DAS 650 Fundraising Institutions)
- Regulations CBF Recognition
- DDMA directives for Privacy
- Guidelines for ANBI status

External supervision is carried out by:

- Price Waterhouse Coopers (audit)
- CBF (verification CBF Recognition for Charitable Organisations)

Integrity

The extra attention for the behaviour in our sector, which received wide media coverage in 2018, prompted Terre des Hommes in 2019 to further strengthen its rules of conduct and make them more easily accessible to all employees in all regions. In this way, the entire organisation knows which code of conduct is applicable in any given situation and how to report abuses. Terre des Hommes strives to continuously improve its integrity system and has given particular attention in 2019 to the quality standards laid down by the Ministry of Foreign Affairs with regard to integrity, for which the Partos ISO 9001 certification serves as a monitoring instrument. In addition, Terre des Hommes is a participant in the sector-wide Joint Integrity Action Plan for Emergency Aid and Development Organisations.



In January 2020, Terre des Hommes will receive the Partos ISO 9001 certification. This certification is a sector-specific application of the Partos ISO 9001 standard, in which, in addition to the ISO 9001 standard, specific requirements are set with regard to integrity. The Partos ISO 9001 certification confirms that Terre des Hommes is recognised as NGO to submit grant applications for projects to the Ministry of Foreign Affairs.

Child Safeguarding Policy

Protection of children and their rights lie at the heart of our work. Their safety is crucial. Terre des Hommes uses the

Child Safeguarding Policy with an underlying code of conduct to ensure that no child is harmed by our own staff or employees of our partners, volunteers or other stakeholders, such as consultants and journalists. This policy is a mandatory part of every contract we conclude with employees, partners and other Terre des Hommes representatives. Through training and evaluation we ensure that all employees and partners are aware of this policy and its implementation. In 2019. Terre des Hommes received six reports of possible violation of this policy. After investigation, four of the cases were identified as cases that, to a certain degree, are contrary to our policy. Two of these cases were closed and two are still under investigation. As Terre des Hommes has a zero-tolerance policy, we take these reports very seriously and they serve as a basis for internal improvements in terms of preventive measures and appropriate response.

As a member of the International Federation, Terre des Hommes also follows a recertification process based on international standards set by 'Keeping Children Safe' that is aimed at safeguarding children. This process will be completed in 2020.

In addition, Terre des Hommes has developed stricter internal guidelines to ensure that children are better protected when they participate in activities for Terre des Hommes and express their opinions on their rights and their situation, within their own community but also in national and international forums.

Complaints

Terre des Hommes wants to carry out its work as effectively as possible. This also applies to the communication about our work and Terre des Hommes' behaviour within the area of activity. Despite this positive outlook, we do receive complaints every year. These may come from companies, institutions or individuals. We take them very seriously and welcome the people who take the effort to report any complaints, so that we can learn from them and optimise our processes even further.

We receive complaints by telephone, e-mail, online complaint form, mail, social media and face-to-face. A document is created for each complaint. Any complaint is taken very seriously and answered within a maximum of five working days. Experience has shown that this is usually done faster.

In 2019, Terre des Hommes received 142 (2018: 104) complaints. This is a considerable increase compared to 2018. This increase was due to an increase in negative reactions to our media campaigns (41), street recruitment (33) and telemarketing (17). We want our communication campaigns to stand out. However, sometimes our message in these campaigns is not properly interpreted. Our last campaign 'LOVERBOYS wanted' is one such example. Not everybody understood the message. This has resulted in several complaints. As we approached more people through telemarketing, this also resulted in more complaints.

We were able to address 141 complaints to the satisfaction of the complainant. Unfortunately, we were not able to satisfy one complainant.

Corporate social responsibility

Terre des Hommes recognises its role in the community, the society and the world, and actively participates in the process of making the world a better place, socially, economically and ecologically through our field of work. We contribute to ensure that we act as responsible citizens, not only through our programmes, but also during our internal activities, such as, for example, purchasing. CO2 emissions are also part of corporate social responsibility. In 2019, Terre des Hommes made the commitment to further insulate the offices on the Zoutmanstraat, in order to meet the standards set for the energy label.

Risk management

Every year, we assess the risks that may impact our organisation in various ways and thus influence the results we want to achieve for vulnerable children. In principle this is done when developing our annual plans for which we look back as well as forward. A workshop involving the entire management team to identify and evaluate these risks is currently part of our annual planning cycle.

After closing the year 2019, early on in 2020, we were faced with a challenge of which the magnitude is difficult to predict. The COVID-19 pandemic, obviously, has a significant impact on our organisation as explained in 8.7 under Events after the balance sheet date and Impact of COVID-19 on our activities.

Fortunately, the direct impact of the virus on our employees and those of our partner organisations has been limited until mid-May. However, the impact of public measures to contain the pandemic have major consequences for the possibilities to carry out our projects, not least because of the restriction on the movement of our project staff. In the Netherlands, being forced to work from home hardly has any consequences for our productivity. The macroeconomic uncertainty, however, does lead to risks for the balance between income and planned expenditure. Nonetheless, our risk analysis shows that the consequences are not likely to affect this balance or even prove to be 'positive', i.e. the dampening effect on expenditure is likely to exceed the loss of income in 2020. We owe this to our large number of loyal private donors. The longer-term economic consequences and therefore the economic implications for our organisation are more difficult to assess. The main risks arising from the

uncertainty in the present situation with respect to COVID-19 are:

- Donor income could be under pressure if a prolonged economic recession affects the willingness of individuals to donate. This is not yet the case. Although the income from our second-hand shops in 2020 is lower than budgeted due to closure of the shops, it may even increase in the longer term.
- Pressures on public spending and increasing public debts to address the economic consequences of the pandemic could put pressure on government reserves for emergency and development aid. This could affect the continuity of the government-funded programmes Down to Zero and the Girls Advocacy Alliance after 2020. In 2020, the Ministry of Foreign Affairs will decide on the development aid programmes for the period 2021-25 and so the continuity of these programmes was not guaranteed anyway.
- If the expenditure for the government-funded programmes lacks behind, certain amounts may have to be repaid. As we only transfer money to implementing partners based on actual expenditure, this risk is manageable. This applies to all of our projects and although we strive to continue our planned project expenditure or to redirect it to COVID-19 related interventions, the risk that we might not be able to make any repayments to donors is small. Our liquidity position is healthy and reserves are more than sufficient to absorb the consequences of the worst-case scenarios in our sensitivity analysis.
- Our internal control and management reporting have further improved during the past period. This has led to greater transparency and manageability. In addition, the fact that all of our information systems run in the cloud, for example, means that we do not have any greater management risks even in the situation of long-term working from home.

As indicated in 8.7 we currently do not believe that the consequences of the COVID-19 virus will have a material adverse effect on our financial condition or liquidity. For the time being, the decrease in especially unearmarked income is lower than the decrease in unearmarked project costs.

Strategy

During the year, we check on a quarterly basis whether our short-term objectives are being achieved as set out in the annual plan. This is done on the basis of comprehensive quarterly reports per project that also include our annual risk assessment. Each quarter we assess whether additional actions are required to achieve the substantive and financial objectives. In 2019, we switched to monthly (financial) project reports to further improve the assessment of implementation risks in our projects. This also gives us an early indication of possible problems to achieve the operational objectives for each project.

In the medium term, the main risks are unforeseen changes in funding from institutional partners and private donors. With a view to the latter, reputational risks are discussed during the weekly media consultations. Effective implementation of our projects, however, is also essential. Achieving the impact explicitly set as a target for all our projects through our Theory of Change is leading in this respect. Our projects must always contribute to our objectives in a long-term and sustainable manner. A less significant but not negligible risk is the increased competition experienced by our shops.

We believe that our continuity reserve is sufficient to weather the worst setbacks in the medium term. The level of the continuity reserve also meets the requirements set by the CBF for this purpose.

Operational

The operational risks relate, in part, to the people we work with. For our own employees we have a code of conduct that determines the policy freedom. We have drawn up guidelines against corruption, bribery and fraud. This code of conduct includes a procedure on how to act in the event of a violation of the guidelines. There is also a whistle-blower scheme for those cases in which a Terre des Hommes employee suspects improper use of funds or other wrongdoings. In 2019, this scheme was not used.

Behaviour of our own people or facts that come from outside our organisation may also create a negative perception of Terre des Hommes. The probability of this risk occurring is not great, but the impact may be huge. For those cases where publicity threatens to create an erroneous image of Terre des Hommes, a media protocol has been drawn up and spokespersons have been appointed.

In 2019, Terre des Hommes used the PMEasy software system to monitor the effectiveness of our projects. That same year, we improved the level and timeliness of our project reports. In the first place, we started reporting on (the financial progress of) our projects on a monthly basis. At the same time, we implemented a new project management system (internally called PRIMAS based on NGO online). This system allows us to monitor and administer the entire project management cycle, collaboration with external implementing partners and measurement of qualitative outcome (including reporting in IATI) more efficiently and effectively.

Financial

The financial risks are continuously monitored, primarily through our monthly and quarterly reports.

Our priority is to spend the funds entrusted to us to the maximum extent possible on our objectives. This is ensured through proper organisation of processes and additional guidelines. We pay particular attention to risks associated with continuous cash flows and to correct, efficient and effective expenditure and spending. In 2019, Terre des Hommes had no securities portfolio or money outstanding on deposits.

The 2019 turnover is $\leq 26,395,564$ and the net income - $\leq 889,070$. The solvency and liquidity are more than adequate, so there is no additional financing requirement. An explanation of the expected financing and development of donors can be found in chapter 4. We have not planned any investments or activities in the area of research & development.

The funds received that cannot yet be spent on objectives, are spread across various banks. Guiding principle of our policy is certainty, availability and reduction of negative interest rates that come into force as of April 2020. We are also considering the commitment to project implementation in dollars and the creation of an investment fund.

The ratio between fundraising costs and the total of benefits raised in accordance with the budget was 11.57%. The realised ratio between fundraising costs and the total of benefits raised has improved: 12.46% in 2019 versus 13.00% in 2018.

Terre des Hommes maintains a continuity reserve to cover short-term risks and to ensure that future obligations can be met. The amount of the continuity reserve complies with the Charities Financial Management Directive of the VFI and may not exceed 1.5 times the annual costs of the work organisation. Based on the Charities Financial Management Directive of the VFI (a maximum of 1.5 times the annual costs of the work organisation), the maximum continuity reserve amounts to \leq 10.2 million. The current reserve of \leq 4.0 million therefore complies with this directive.

Reporting

The aforementioned PMEasy system reports the progress of all projects. Exact Online (headquarters), Quickbooks (countries) and Visma (shops) are used for financial reporting. The use of different accounting software is based on customisation for local users; headquarters has direct access to all data. The combination of these applications with Salesforce for marketing and donor administration, provides a solid base for efficient and reliable execution of the processes. All applications run 'in the cloud', which reduces the risk of missing backups and continuity to a minimum.

Accounting & Project Control

It is essential to monitor our financial performances in order to achieve our objectives and to direct our organisation in general. The Finance & ICT department closely monitors the organisation's financial performance and ensures that TdH-NL remains in a healthy financial position.

In 2019, we improved the quality and accuracy of our (management) reports, both in our monthly reports and in our project reports. In 2019, we also integrated our financial data into the new project management system. We will derive benefit from this system as of 2020.

Our drive to become a bottom-up driven organisation will be complemented with more transparency and monitoring of field activities through improved systems. Based on this information, the management team will closely monitor the progress of the projects throughout the year. At the end of 2017, we set up the 'project back office' to monitor these processes from design to final evaluation, to provide administrative support and to support the field in setting up new projects and partnerships, to evaluate progress and quality, and to provide management information. In 2018/2019, this department developed standards, processes and systems (PRIMAS), which have been rolled out across the entire organisation worldwide, including the partners with whom we collaborate. They can add project data to our PRIMAS project management system through the partner portal.



REPORT SUPERVISORY BOARD 2019

The Terre des Hommes Foundation has a Supervisory Board, which, in accordance with Article 12 of the Statutes, supervises the policy of the Executive Board and the general course of affairs. In addition, the Supervisory Board acts as sparring partner for the Executive Board and the management team.

Separation of supervision, management and implementation

- The Supervisory Board is the supreme body of the Terre des Hommes Netherlands Foundation and is responsible for the supervision of the policy of the Executive Board and the general course of affairs
- The separation of supervision and management is formally laid down in the statutes and elaborated on in the so-called management regulations
- This means that the Executive Board is in charge of the day-to-day management and is ultimately responsible for implementation of the policy plan and the activities of the Foundation. The Supervisory Board appoints the Executive Board and supervises its functioning.

The main functions of the Supervisory Board are:

- Approve the annual plan and strategy of Terre des Hommes, including the budget and investments
- Supervise implementation of the strategy, realisation of the objectives and the general course of affairs
- Approve the annual financial statements and annual report
- Appoint the Executive Board
- Act as sparring partner for the Executive Board and management team

Composition and term of office

The Supervisory Board of Terre des Hommes Netherlands consists of at least 5 persons. The Supervisory Board appoints its members on the basis of a profile it has drawn up. In 2017, the Supervisory Board decided that, in line with the Governance Code for the Cultural Sector, the members are appointed for a period of four years, renewable once for a maximum of an additional four years.

In 2019, the Supervisory Board consisted of:



Maarten Koopman Chairman and member Remuneration Committee Supervisory Board DIF Appointed on 23 March 2016





Arent van Wassenaer* Vice-Chairman and member Audit Committee Independent Advisor the Faithfull Goose Appointed on 2 November 2009





Member and Chairman Renumeration Committee Director MaGW/NWO, Senior Advisor Leiden University Appointed on 28 October 2013

Bas Verheijen Member Director Marketing & Fe

Director Marketing & Format Blokker Appointed on 18 September 2017



Pim Oomens

Member and Chairman Audit Committee Commissioner of various companies Appointed on 28 November 2012 * Given that Renée van Kessel resigned mid-2019 at her own request due to personal circumstances and Arent van Wassenaer will resign in 2020 as he will have served the maximum term of office, the Supervisory Board expects to appoint two new members in Q1 2020.



Remuneration

The members of the Supervisory Board of Terre des Hommes Netherlands do not receive any remuneration, not even for (travel) expenses they may have incurred and have no business relations with Terre des Hommes.

Supervisory Board supervision and focus areas 2019

In addition to the more general supervisory tasks, in 2019, the Supervisory Board devoted much attention to monitoring the adaptations that were implemented to the composition and structure of the organisation in 2017. Terre des Hommes is a relatively small organisation involved in a large number of highly complex projects related to multiple, complex issues in different countries. The world of internationally operating charities in which Terre des Hommes operates is in a state of flux and subject to change in a number of key areas as a consequence of which major donors and financiers, for example, are redirecting the direct cash flows.

The organisation has therefore had to make up significant ground in a relatively short period of time in order to respond better to the changed perspective of the government and donors on development cooperation, on the new role of NGOs and the increased competition in the charity field. We are pleased that the corresponding second phase of the reorganisation is nearing completion and we are proud of the result. The organisation has invested in professionalisation and is sound, both financially and in terms of staffing. The organisation has been simplified and flattened and is managed by a committed and capable management team. The level, quality and commitment of the employees is impressive and gives us as Supervisory Board great confidence in the future. In the past year, a lot of energy and efforts were spent to continue to build a stable local network, with operational branches in nine **countries** in Asia, East Africa and Europe, approximately 137 employees, 44 charity shops and 1,800 volunteers

The following activities of the Supervisory Board took place in 2019:

- Four regular meetings with the Executive Board and the management team preceded by a closed meeting;
- Two additional informal meetings;
- Approval of the annual report and the 2018 annual financial statements and discussion of the audit report with the auditor;
- Discussion and approval of the 2020 annual plan;
- The Audit Committee met twice to discuss the financial reporting, internal control, risk management, current situation ICT and activities and findings of and with the external auditor and Executive Board;
- Various individual discussions between individual Supervisory Board members with members of the management team and/or Executive Board on specific topics;
- In addition, the Chairman and Executive Board regularly discuss the general course of affairs and cases that require special attention;
- Evaluation of the Supervisory Board's own functioning and evaluation of the functioning of the Executive Board;
- Two members of the Supervisory Board visited the regional offices and various projects in Tanzania and Uganda.

Thank you

The Supervisory Board would like to thank the Executive Board, all employees at home and abroad, our volunteers, our donors and sponsors, the Dutch Postcode Lottery and our ambassadors for their great commitment, dedication and efforts in the past year.

On behalf of the Supervisory Board of the Terre des Hommes Netherlands Foundation

Maarten Koopman Chairman





'So much positive energy'

Supervisory Board member Bas Verheijen visited one of Terre des Hommes' projects in Tanzania last year and looks back

Last fall, I joined a trip to Tanzania and Uganda, at my own expense of course. I visited a project that is aimed at putting an end to female circumcision. It brings tears to your eyes when you see with what tools and under which conditions the girls are mutilated. At the same time, I have rarely felt so much positive energy as I felt there. The project we support is run by young, enthusiastic, well-qualified Tanzanians. Terre des Hommes helps with training, knowledge and of course financially. The number of circumcisions is dropping steadily. This is incredible and gives hope for the future. Countries like Tanzania deal with many problems. However, doing nothing is no option. Lydia of Terre des Hommes in Tanzania said: 'We are sowing hope for a better life for the next generation'. Those impressive words will motivate me for the rest of my life. Terre des Hommes makes a unique contribution to the fight against child exploitation. The organisation combines passion with typical Dutch solidity.

Our people are careful, thorough, pragmatic and critical. It is actually a pity that this is not necessarily evident for our donors from the outside as it is precisely that combination of incredible passion and typical Dutch solidity that makes us unique.

"It is precisely that combination of incredible passion and typical Dutch solidity that makes us unique."



FUTURE

Our mission to eliminate child exploitation worldwide and to ensure that children grow up in a safe environment and have the prospect of a better future remains unchanged. In doing so we continue to focus on our five themes: child labour, child sexual exploitation, child abuse, child trafficking and emergency aid. Emergency aid is of increasing importance in our work to protect children. We still have to deal with millions of children who have no access to education, who face forced sex or who die of malnutrition due to poverty and emergencies. Our work remains necessary and our efforts therefore much needed.



We want to structurally change the situation of children in the areas where we operate. As already indicated in our guiding philosophy the Theory of Change, we cannot do this on our own and are reliant on collaboration with various stakeholders to implement structural sustainable change. We will continue the adopted strategy, while we continue to critically examine the following questions: What is the rationale for our existence? What will be the role and the position of our organisation in this changing world? It will be a year in which we will have to make choices that will have a major impact on our future and raison d'être. Does our added value lie in lobbying and advocacy? Or more in bringing parties and organisations together and creating networks? In the coming year we will definitely continue our direct relief efforts to children but transfer of knowledge to local organisations for them to take on this role becomes increasingly important.

Together with our international Terre des Hommes Federation, we will continue the path we have embarked upon to examine how we can create even greater impact for even more children. By more collaboration and enhanced focus. Although this is a complex process, every year we get a step closer and we will continue our efforts in 2020. This year, we have seen more and more collaboration in the implementation of emergency relief projects with our Terre des Hommes member organisations such as Lausanne and Italy. This increases our effectiveness, also for example when applying for European funding. It is our aim to further extend this collaboration in 2020 and to coordinate more closely with all members thereby leveraging each other's expertise on a global level in order to reach even more children.

Strategic review

Our Fit for the Future strategy, which we drew up with colleagues in 2017, is coming to an end. We are on the eve of a new review of our strategy, in which the question as to what our role needs to be in this changing world, fits well. Next year we will discuss if, and if so, which changes we want to implement in the future. Our priorities to strengthen our mission will, however, remain focussed on:

1. Further development of operational integrity; this means that the quality of the organisation must be at its best. Basic processes must run even smoother and we must continuously ask ourselves not only if we do the right things but also if we implement them in the best possible way. We collaborate with many partners but more and more directly with children themselves, as Agents of Change. It is important to protect the children and to agree with each partner how we expect the work to be done to also make them stronger and achieve durable improvement.

- 2. Providing solutions that have sustainable impact. We want to bring about structural improvements which requires close collaboration with all relevant stakeholders. Not because everybody ought to be concerned about exploitation of children, but in order to make a lasting difference. We need to constantly reassess how we can contribute to sustainable impact and what role we have in this process, based on the evolving context in which we operate. At times it also remains necessary to take temporary measures, for example, by offering a cash injection to families with children as this gives them a springboard to generate future income themselves. In the case of emergency aid, temporary measures, such as providing clean water, food security, hygiene measures and a place to go to school, are necessary.
- 3. Working on our role as expert on children's rights. We consider it important to share our expertise with governments, media and other organisations and not to keep it to ourselves. This gives us visibility and allows us to communicate that the fight against the exploitation of children is still desperately needed. We must ensure that as many people as possible are

aware of this and that we are recognised as a children's rights defender. Together we will achieve our mission to end child exploitation more quickly.



Profiling

In 2020, we therefore want to adopt an even higher profile. We want to better show the Dutch audience what Terre des Hommes stands for and we need to ask ourselves whether we want continue to focus on the four themes or whether choices have to be made. The Dutch are extremely generous. Research among our donors has shown that the willingness to donate is linked to knowing how the money is spent. We will make this a priority. We also want to give the Terre des Hommes shops an even more prominent role. We are looking into various opportunities to position our shops more clearly as shops that are linked to our objective and how they can even better convey our mission. We are also examining opportunities to raise even more funds with our shops to help children and to improve our name recognition.

The Dutch Postcode Lottery remains a key pillar and we hope for the continued fantastic support from this tremendously committed partner.

In order to be able to meet the future challenges and to continue working successfully on our mission, constant improvement is needed. For 2020 we have set important priorities in, for example, HR, Finance, reporting and IT processes. In this way, we will ensure that our organisation will continue to function properly and can grow, also in terms of employee satisfaction. This is a key priority for us in 2020.

As explained in 8.7 under Events after the balance sheet date and Impact of COVID-19 on our activities, the COVID-19 outbreak and the measures taken by various authorities to contain the virus have had a considerable impact on our organisation in the first months of 2020. In the first few months, we have mainly seen a drop in income from our shops, which have been closed since mid-March as a precaution for our older volunteers. However, as income from existing donors is still stable, the simultaneous reduction in project expenditure is currently leading to a surplus rather than a deficit. Our scenario analysis shows that the reduction in expenditure is most likely to keep up with or even exceed the reduction in income in 2020. The extent to which this will happen depends very much on the period in which the areas in which we operate are exposed to COVID-19 and the extent to which government measures are extended, expanded or reduced. If the crisis persists in East Africa and Asia. our surpluses will increase rather than decrease. For the time being, we have no plans to reduce our workforce as a result of the COVID-19 pandemic. However, we will have to evaluate how we can offer continuity in our relationships with project partners if the COVID-19 crisis lasts longer in the countries in which we operate.

Our liquidity position is strong enough to absorb the worst-case scenarios. Persistent constraints on the execution of our work and possible downward pressure on the availability of development funds from Western countries in 2021 and beyond could lead to permanent modifications in our methods. Sustainable reduction of unearmarked contributions would certainly also lead to reconsiderations in our organisational model. Such reductions are currently not part of our expectations and such adjustments are not expected from a financial perspective until mid-2021.



CONSOLIDATED FINANCIAL STATEMENTS

8.1 Consolidated financial statements 2019

Consolidated Balance Sheet

Consolidated balance (after appropriation of result)		31-12-2019		01-01-2019		31-12-2018
Assets						
Tangible fixed assets (1)	1,106,431		701,724		701,724	
Financial fixed assets (2)	100,000		100,000		100,000	
		1,206,431		801,724		801,724
Receivables and accrued income (3)	5,310,632		4,608,188		5,019,584	
Cash and cash equivalents (4)	22,691,690		19,287,067		19,287,067	
		28,002,322		23,895,255		24,306,651
Total assets		29,208,752		24,696,979		25,108,375
Liabilities						
Reserves (5)						
Continuity reserve	4,000,000		4,000,000		4,000,000	
Earmarked reserve	14,300,237		15,199,304		7,170,094	
		18,300,237		19,199,304		11,170,094
	·					
Funds (6)						
Earmarked fund(s)		242,004		373,107		373,107
Total reserves and funds		18,542,241		19,572,411		11,543,201
Non-current liabilities (7)		0		0		1,686,326
Current liabilities		10,666,511		5,124,568		11,878,847
				·		
Total liabilities		29,208,752		24,696,979		25,108,375

All figures in the tables in this chapter are expressed in euros.

Consolidated statement of income and expenditure

	Actual 2019	Budgeted 2019	Actual 2018
Income			
Income from private individuals (8)	7,258,059	7,236,496	6,757,694
Income from companies (9)	293,405	275,000	34,351
Income from lottery organisations (10)	2,613,076	2,270,000	2,277,832
Income from government grants (11)	14,307,115	11,947,720	12,775,561
Income from affiliated non-profit organisations (12)	0	500,000	0
Income from other non-profit organisations (13)	485,861	905,000	630,376
Sum of fundraising income	24,957,516	23,134,216	22,475,813
Income in return for the delivery of goods and/or performance of services (14)	1,397,594	1,650,000	1,315,164
Other income (15)	40,455	20,000	54,055
Sum of income	26,395,564	24,804,216	23,845,032
Expenditure			
Structural aid (16)	16,756,615	16,741,379	12,773,744
Emergency aid and rehabilitation (17)	6,203,794	3,636,138	4,958,656
Spent on objectives	22,960,409	20,377,516	17,732,400
		· · ·	
Fundraising costs	3,289,040	3,592,645	3,100,445
Management and administrative costs	1,046,592	782,325	985,325
Sum of expenditure	27,296,041	24,752,486	21,818,170
Balance before financial income and expenditure	-900,477	51,730	2,026,863
Balance financial income and expenditure (18)	1,407	0	-18,757
Balance of income and expenditure	-899,070	51,730	2,008,106

Allocation of results

Allocation of results	2019	2018			
Surplus/deficit is added to/drawn from:					
Earmarked funds & reserves	0	0			
Reserve tangible fixed assets objectives	0	0			
Reserve available for objectives	-899,070	2,008,106			
Surplus/deficit	-899,070	2,008,106			

In 2019, a deficit was realised of € 899,069. This sum has been drawn from the reserve available for objectives.
Cash flow statements	2019	2018
Cash flow from operating activities		
Net surplus/deficit	-899,070	2,008,106
Adjustment for:		
Depreciations	130,838	183,323
Mutations earmarked reserves and funds	-131,103	-
Mutations working capital:		
Mutation receivables	-702,444	673,747
Mutation current liabilities	5,541,943	-2,796,029
Net cash flow from operating activities	3,940,164	69,155
Cash flow from investing activities		
Investment in tangible fixed assets	-535,541	-944
Disposal of tangible fixed assets	0	46,311
Net cash flow from investing activities	-535,541	45,367
Cash flow from financing activities		
Mutation non-current liabilities	0	1,686,326
Issuance long-term loans	0	0
Net cash flow from financing activities	0	1,686,326
Net cash flow fiscal year	3,404,623	1,800,848
Cash and cash equivalents 1/1	19,287,067	17,486,219
Cash and cash equivalents 31/12	22,691,690	19,287,067
Increase/decrease cash and cash equivalents	3,404,623	1,800,848

Notes

The cash flow statement has been prepared using the indirect method. The total bank balance increased by € 3,404,623 compared to 2018.

8.2 General explanation and principles of valuation and determination of results

Translation

This is a translated version of the Dutch annual accounts. In case of inconsistencies between the Dutch and the English version the Dutch version prevails.

General

The financial statements have been drawn up in accordance with DAS 650 for Fundraising Organisations.

Notes to the adjustment of comparative figures

There has been a change in accounting principle for project liabilities which results in a positive impact of \in 5,039,309 on the starting position of the reserves in 2019. The effect on the result of 2018 is \in 5,055,726. Previously, the expenditure for structural assistance and emergency aid was charged in full at the time of external commitment, even if conditions were attached to the expenditure by the external partners. As of 2019, these expenditures are charged at the time of an unconditional commitment, which for the current partner model corresponds with the actual expenditure by the implementing partners. This has a positive effect on both the transparency of the financial statements and the partner management model.

The opening balance for 2019 has been adjusted for costs that were originally recognised in previous years due to (multi-)year contract obligations. This increase in the reserve is expected to flow away over a period of two years (up to and including 2020) if the costs of aid provided by external partners are in line with planning and contingent contracts concluded. The expenditure and income for 2018 have not been adjusted as they are also affected by project liabilities and expenditure in 2017. The total impact of previous years is included in the opening balance because, as a result of the change in accounting principle, the balance sheet positions per project have been determined based on the actual expenses incurred by the project partners. The effect of this change in accounting principle on the result for 2019 and thus the equity as at 31 December 2019 amounts to $- \notin 735,139$.

In addition, the starting position of the reserves in 2019 has also been adjusted in order to change the income, costs and balance sheet positions of the multi-year grant projects DtZ (MFA), GAA (MFA) and Bangladesh (Dutch embassy) from the past to the correct position as at 1 January 2019. The effect of this on equity is \notin 2,989,903. The effect on equity and result 2018 amounts to \notin 633,698. These adjustments mainly apply to the years 2015 - 2018 and have been identified with the 2020 budgeting, the last year of these multi-year projects.

Estimates

Preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenditure. The actual results may differ from these estimates. This concerns in particular the assessment of income from inheritances. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised in the period in which the estimate is revised and in any future periods affected by the revision.

Continuity

These financial statements have been drawn up in accordance with the continuity assumption.

COVID-19

There is no material uncertainty about the organisation's ability to continue its activities, even though the consequences of COVID-19 are expected to be far-reaching, albeit uncertain. For further information, see the paragraph 'Events after the balance sheet date' in the financial statements.

Structure reporting entity

Terre des Hommes Netherlands Foundation

The Terre des Hommes Netherlands Foundation aims to

provide effective and immediate aid to children in need, in their own environment, anywhere in the world, without dis-

tinction on the grounds of race, religion or political affiliation. The Terre des Hommes Netherlands Federation (hereinafter referred to as Terre des Hommes) has access to various offices and legal entities to carry out its activities. The annual figures of the entities below have been consolidated in the financial statements. Intra-group claims and debts have been eliminated.

Headquarters

Terre des Hommes' headquarters are located on the Zoutmanstraat in The Hague. This is also the statutory address. The Terre des Hommes Foundation is registered in the Dutch Trade Register under number 41149287.

Regional offices

Regional Heads manage the local staff in the South East Asia and East Africa offices. The offices are registered locally, according to legislation in the relevant country.

Volunteer groups

In 2019, 47 volunteer groups (2018: 48) were active in the Netherlands on behalf of and under the responsibility of Terre des Hommes to support the fundraising initiatives of the Terre des Hommes Netherlands Foundation. Of these volunteer groups, 44 (2018: 45) have the legal personality of a foundation and 3 (2018:3) have the legal personality of an association. Agreements have been concluded with all volunteer groups to ensure that funds raised on behalf of Terre des Hommes are actually spent on Terre des Hommes' objectives. The agreements are explicit and clear about the completeness.

Cash flow statement

The cash flow statement has been drawn up using the indirect method. The funds in the cash flow statement consist of cash and cash equivalents. Cash flows in foreign currencies have been converted at an average exchange rate. Exchange rate differences arising from this conversion have been included in the statement of income and expenditure.

Accounting principles for the valuation of assets and liabilities

Consolidation

The consolidation includes financial data of the Terre des Hommes Foundation and the independent legal entities that advertise under one name and also as such appeal to the public generosity, as well as the entities over which they can exercise a dominant control.

The following legal entities are part of the consolidation scope:

Terre des Hommes Foundation consisting of:

- Terre des Hommes Netherlands Foundation (headquarters), the Netherlands, The Hague
- Terre des Hommes Netherlands (Bangladesh office), Dhaka
- Terre des Hommes Netherlands (Cambodia office),
 Phnom Penh
- Terre des Hommes Netherlands (Philippine country office), Quezon City
- Terre des Hommes Netherlands (Nepal office)
- Terre des Hommes Netherlands (Kenya office), Nairobi
- Terre des Hommes Netherlands (Uganda office), Kampala
- Terre des Hommes Netherlands (Ethiopia office), Addis Ababa
- 47 Terre des Hommes volunteer groups (See appendix for listing).

The objectives and management of the branches are the same as for Terre des Hommes Netherlands. Intercompany transactions, intercompany income and expenditure and intra-group claims and debts between companies within the consolidation scope are eliminated, provided the income and expenditure have not been realised through transactions with third parties outside this consolidation scope. Valuation principles of the legal entities included in the consolidation have been amended where necessary to ensure consistency with the valuation principles in force for the Terre des Hommes Netherlands Foundation. The results

of the shops have been specified in the annexes to the financial statements.

Foreign currencies

Transactions in foreign currencies during the reporting period are incorporated into the financial statements at the exchange rate on the transaction date. Receivables, debts and liabilities in foreign currencies have been converted at the exchange rate applicable on the balance sheet date. Costs and income in foreign currencies have been converted at an average rate. Exchange rate differences resulting from the conversion are included in the statement of income and expenditure.

Transactions in foreign currencies during the reporting period are incorporated into the financial statements at the exchange rate at the settlement date. The financial statements of the regional offices are in foreign currencies and are converted at the exchange rate prevailing on the balance sheet date for the purpose of inclusion in the financial statements. Exchange rate differences relating to the opening and closing balance and changes in equity in the course of the fiscal year are recognised in equity. Exchange rate differences in both monetary and non-monetary items are recognised in the statement of income and expenditure. The items in the financial statements are valued taking into account the currency of the economic environment in which the activities are carried out (the functional currency). The financial statements are drawn up in euros: this is both the functional and presentation currency.

Operational leases

The operation may have lease contracts for which a large part of the advantages and disadvantages associated with ownership does not lie with the foundation. These lease contracts are reported as operational leasing activities. Lease payments are amortised on a straight-line basis in the profit and loss account during the term of the contract, taking into account reimbursements received from lessor.

Assets

Tangible fixed assets

The tangible fixed assets are valued at the acquisition price, less straight-line depreciation, based on the anticipated economic life of the assets. The residual value of the fixed assets is set at nil. We apply the following depreciation periods:

•	computer equipment and the like:	3 years
•	means of transport:	4 years
•	office equipment and renovations	5 - 10 years
•	real estate	40 years

At each balance sheet date, the foundation assesses whether there are indications that a fixed asset may be subject to impairment. If any such indication exists, the recoverable amount of the asset is determined. An asset is impaired if its carrying amount exceeds its recoverable amount; the recoverable amount is defined as the higher of the fair value less costs to sell and the value in use. No provision for major maintenance has been made for future costs of major maintenance to the buildings. Costs are capitalised and recognised in the income statement by means of amortisation.

Financial fixed assets

The financial fixed assets (loans) are valued at amortised costs less impairment losses.

Impairment of fixed assets

At the balance sheet date, an assessment is made as to whether there are indications that a fixed asset may be subject to impairment. If any such indication exists, the recoverable amount of the asset is determined. If it is not possible to determine the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined. An asset is impaired if its carrying amount exceeds its recoverable amount; the recoverable amount is defined as the higher of the fair value less costs to sell and the value in use.

Impairment losses are directly recognised as expenditure in the statement of income and expenditure while simultaneously reducing the carrying amount of said asset.

The realisable value is in first instance derived from a binding sales agreement; if no such agreement exists, the realisable value is determined using the active market, whereby the current bid price is usually considered as market price. The costs to be deducted in determining the realisable value are based on the estimated costs directly attributable to the sale and necessary to make the sale. To determine the value in use, an assessment is made of the future net cash flows generated from the continuing use of the asset/the cash-generating unit.

Current assets

Stocks

Commercial stocks available on the balance sheet date, for example for volunteer groups and other stocks such as welcome gifts for new donors, are not included in the balance sheet, but these are charged against the profit in the year of purchase.

Receivables

Receivables are initially stated at fair value of the consideration to be received and subsequently at amortised costs. If receipt of the receivable has been deferred on the basis of an agreed extension to a payment term, the fair value is determined on the basis of the present value of the expected receipts and interest income is credited to the income statement based on the effective interest rate.

Cash and cash equivalents

Cash and cash equivalents consist of cash, bank balances and demand deposits with terms shorter than 12 months. Cash and cash equivalents are valued at face value.

Liabilities Reserves

Earmarked reserves tangible/financial fixed assets to achieve the objectives

Capital that is locked up in assets and that is directly and entirely used to achieve the objectives, has been included in the earmarked reserve tangible assets to achieve the objectives and earmarked reserve financial fixed assets to achieve the objectives.

Earmarked reserve projects

This reserve concerns the part of the capital that management has designated for certain projects and information activities.

Earmarked funds

Earmarked funds are reserves that consist of funds collected or acquired for this purpose and that serve to finance multi-year or future project activities. Withdrawals from the earmarked funds are based on commitments made in the relevant fiscal year that are related to the fund. Donations to earmarked funds take place when funds are received for a specific project or aid programme, which will only be used after the current fiscal year.

Debts

Debts are initially stated at fair value. Transaction costs that are directly attributable to the acquisition of the debts are included in the valuation upon initial recognition. Debts are subsequently stated at amortised cost, being the amount received, taking into account any premium or discount and after deduction of transaction costs.

Financial instruments

Financial instruments include trade and other receivables, funds, loans and other financial obligations, trade and other payables. Financial instruments are initially recognised at fair value and subsequently at amortised cost according to the effective interest rate method.

Accounting principles for allocation of profits and losses

Income and expenditure are, in principle, allocated to the period to which they relate.

Income

Income from private individuals

Income from private individuals is recognised in the year in which it is received. Income from private individuals also includes income from inheritances. In the year that Terre des Hommes receives the statement of assets, 80% of the inheritance is recognised as income. Realisation for 2017 – 2019 was 93%, on average.

Income from companies

Income from companies is recognised in the year in which the commitment is made.

Income from lottery organisations

Income from lotteries is recognised in the relevant fiscal year in accordance with received and recoverable net proceeds, as far as they are not earmarked for specific projects. Earmarked income from lotteries is recognised as income in the profit and loss account in the year in which the subsidised costs have been made or income was lost, or when a subsidised operating deficit has occurred. Income is recognised if it is probable that it will be received. Amounts still to be received at the balance sheet date are recorded as receivables in the balance sheet.

Income from government grants

Operating grants are recognised as income in the profit and loss account in the year in which the subsidised costs have been made or income was lost, or when a subsidised operating deficit has occurred. Income is recognised if it is probable that it will be received.

Income from affiliated non-profit organisations

Income from affiliated non-profit organisations includes income received from the Cooperating Aid Organisations.

This income is recognised in the year in which it is received. In 2019, no such revenue has been received.

Income from other non-profit organisations

Income from other non-profit organisations includes income from foundations. It is recognised in the year in which the commitment has been made, as far as it is not earmarked for specific projects. Earmarked income is recognised as income in the profit and loss account in the year in which the subsidised costs have been made or income was lost, or when a subsidised operating deficit has occurred. Income is recognised if it is probable that it will be received. Amounts still to be received at the balance sheet date are recorded as receivables in the balance sheet.

Income in return for the delivery of goods and/or performance of services

Income in return for the delivery of goods and/or performance of services includes the net proceeds from the sale of items by the Terre des Hommes shops. The income is recognised in the year in which the actual sale has taken place.

Other income

This includes the rental income that is recognised in the year in which the income is received. This also applies to the results from the sale of assets.

Expenditure

Structural aid

Obligations (commitments) to projects are deemed to have been concluded when a decision in this respect has been taken by either the Executive Board or the Supervising Board. These are fully allocated to the year in which the decision was made and the commitment concluded. This decision has been communicated to the beneficiary.

Emergency aid and rehabilitation

Aid commitments directly resulting from a major disaster

and for which the period of aid does not exceed a period of three years, are accounted for under 'Emergency aid and rehabilitation'. The provision of aid facilitated through one or more actions of the Cooperating Aid Organisations is also accounted for under 'Emergency aid and rehabilitation'. All other forms of aid are accounted for under 'Structural aid'.

Fundraising costs

Fundraising costs include all costs incurred to induce private parties, companies, lottery organisations, governments and other (fundraising) organisations to donate money for one of more of the objectives.

The table below shows how the fundraising costs relate to income. This percentage is determined by dividing the fundraising costs by the sum of the income raised.

	2019	2018
Fundraising costs in relation to income	12.46%	13.00%

Management and administrative costs

Management and administrative costs include all costs incurred in the context of (internal) management and operations that are not attributed to the objectives or the acquisition of income, including employee benefits and pensions.

Wages, salaries and social security contributions are recorded in the profit and loss account in accordance with the terms of employment in as far as they are payable to employees.

Terre des Hommes' pension scheme is based on an average pay scheme. The pension base is 12 x the monthly salary + holiday pay. Terre des Hommes works with PGGM as pension provider under the PFZW (Pensioenfonds Zorg en Welzijn) scheme. At the end of December 2019, PFZW's coverage ratio was 96.5% (This is the status of the average current coverage ratio over the past 12 months). The basic principle is that the pension charge to be recognised in the reporting period is equal to the pension contributions payable to the pension fund over that period. Premiums payable that have not yet been paid at the balance sheet date are recognised as a commitment. If the premiums already paid exceed the premiums due at the balance sheet date, a prepayments and accrued income item is included to account for any repayment by the fund or settlement with premiums owed in the future. In addition, a provision is included at the balance sheet date for existing additional commitments to the fund and the employees, if it is probable that an outflow of funds will be required for the settlement of those commitments and a reliable estimate can be made of the level of the commitments. Whether or not such commitments exist is assessed on the basis of the implementation agreement with the fund, the pension agreement with the employees and other (explicit or implicit) commitments to employees. The provision is valued at the best estimate of the present value of the amounts needed to settle the commitments at the balance sheet date

Depreciation costs tangible fixed assets

Depreciation costs are not a separate line item in the profit and loss account. These costs are included in other parts of the profit and loss account, i.e. structural aid, emergency aid, fundraising costs and management and administrative costs. If the estimate of the future useful life changes, subsequent depreciation amounts are adjusted.

Financial income and expenditure

Financial income and expenditure include both realised and unrealised exchange gains and losses. They are recognised in the relevant fiscal year.

Interest income or interest expense are recognised on a straight-line basis, taking into account the effective interest

rate of the relevant assets and liabilities. When processing the interest expense, account is taken of the recognised transaction costs on the loans received that are included as part of the calculation of the effective interest rate.

Accounting principles for subsequent events

Events that provide additional information about the actual situation on the balance sheet date and that arise up to the date of preparing the financial statements, are reflected in the financial statements.

Events that do not provide additional information about the actual situation on the balance sheet date are not reflected in the financial statements. If such events are significant for the judgement of users of the financial statements, their nature and their estimated financial consequences are explained in the financial statements as subsequent events.

8.3 Notes to the consolidated balance sheet as at 31 December 2019

01. TANGIBLE FIXED ASSETS					
	Real estate headquarters and TdH shops	Office furniture headquarters and TdH shops	Regional offices	Total	
Acquisition value					
Balance as at 1 January 2019	1,594,823	2,290,675	231,954	4,117,452	
Acquisitions	283,706	239,017	12,848	535,571	
Disposal	0	-867,843	-2,928	-870,771	
Balance as at 31 December 2019	1,878,529	1,661,849	241,874	3,782,252	
Depreciations					
Balance as at 1 January 2019	-1,061,574	-2,183,284	-170,870	-3,415,679	
Depreciations	-21,252	-87,472	-22,114	-130,838	
Disposal		867,843	2,902	870,771	
Balance as at 31 December 2019	-1,082,826	-1,402,913	-190,082	-2,675,795	
Carrying value as at 31 December 2019	795,703	258,936	51,792	1,106,431	

All tangible fixed assets are held as necessities for the business operations of Terre des Hommes. Disposal concerned the administrative disposal of already fully depreciated hardware and largely depreciated software (Utopia project) at headquarters and the regional offices, which were no longer in use.

Investments concerned the first phase of the renovation of the building and the Primas project monitoring system.

02. FINANCIAL FIXED ASSETS	Loan receivable Studio Jux	Total
Balance as at 1 January 2019	100,000	100,000
Mutations 2019	-	-
Balance as at 31 December 2019	100,000	100,000

Notes to financial fixed assets

As a result of the cooperation agreement between Terre des Hommes and Studio Jux, a loan of € 100,000 was granted in 2016 to finance workstations at the subsidiary of Studio Jux (Be Suited) in Nepal. No interest is payable on this loan. As of 2018, a repayment in three instalments has been agreed; the last repayment will take place in 2020. The fair value of the receivable approximates the carrying value.

03. RECEIVABLES	31-12-2019	31-12-2018
Projects, regional offices and postings abroad	70,350	118,723
Legacies	1,199,547	2,023,189
Dutch Postcode Lottery	2,250,000	2,250,000
Other gifts and grants to be received	1,771,255	595,752
Other prepaid and receivable amounts	19,479	31,920
Total receivables	5,310,631	5,019,584

Notes receivables

• Only receivables with maturity shorter than one year are included under receivables.

· Legacies concern the balance of the amounts that are included in the results and the actual payments received.

• The receivable from the Dutch Postcode Lottery concerns the commitment of the contribution from regular draws in 2020.

• The line item 'other gifts and grants' mainly concerns written promises received from sponsors and grants still to be received. The increase is largely due to promised grants for emergency aid projects.

• The fair value of the receivables approximates the carrying value.

04. CASH AND CASH EQUIVALENTS	31-12-2019	31-12-2018
Cash and bank balances headquarters	7,757,814	1,486,541
Savings accounts	13,285,750	16,233,598
Savings account rent guarantees shops	75,000	75,000
De Saint-Exupéry Fund	88,769	88,760
Cash and bank balances TdH shops	588,277	746,923
Cash and bank balances regions	896,080	656,245
Total cash and cash equivalents	22,691,690	19,287,067

Notes

The balance of cash and cash equivalents is sufficient to meet the short-term liabilities of \notin 10.7 million (2018: \notin 11.9 million). Of the total of cash and cash equivalents, only the balances on the savings account to hedge the rent guarantees of the shops (\notin 75,000) and De Saint-Exupéry fund (\notin 56,723) are not freely available.

Reserves

05. RESERVES					
Changes reserves 2019	Immediately available for objectives	Continuity reserve	Total		
Balance as at 1 January 2019 before correction	7,170,094	4,000,000	11,170,094		
Change in accounting principle project liabilities	5,039,307				
Adjustment accounting entries 2015 - 2018 projects	2,989,903				
Balance as at 1 January 2019 after correction	15,199,304				
Changes reserves	0	-			
Result financial year	-899,070	-			
Balance as at 31 December 2019	14,300,235	4,000,000	18,300,235		

Reserves

Available for objectives

At the end of 2019, the capital directly available for spending on the objectives amounts to \leq 14.3 million (2018: \leq 7.2 million). The increase of \leq 7.1 million is driven by a change in accounting principle for project liabilities (impact \leq 5.0 million), by correction entries for multi-year grant projects DtZ (MFA), GAA (MFA) and Bangladesh (Dutch embassy) (impact \leq 3.0 million) and by the result of - \leq 0.9 million for the 2019 fiscal year.

The change in accounting principle for project liabilities has a positive impact of \in 5,039,307 on the reserve. Previously, expenses for structural aid and emergency aid were recognised entirely at the time of external commitment, even if conditions were attached to the expenditure by external partners. As of 2019, these expenses are recognised at the time of an unconditional obligation, which with the current partner model corresponds to the actual expenditure by the implementing partners. This has a positive effect on both the transparency of the financial statements and the partner management model. The opening balance for 2019 has been

adjusted for expenses that were originally recognised in previous years as a result of (multi-year) contract obligations. This increase in reserve is expected to flow away over a period of two years (up to and including 2020) if the costs of aid provided by external partners are in line with planning and contingent contracts concluded.

Adjustments to change income, costs and balance sheet positions of the multi-year grant projects DtZ (MFA), GAA (MFA) and Bangladesh (Dutch embassy) from the past to the correct position as at 1 January 2019, result in an increase in the reserves of € 2,989,903. These adjustments mainly apply to the years 2015-2018 and have been identified with the 2020 budgeting, the last year of these multi-year projects.

Appropriation funds

06. FUNDS					
	De Saint-Exupéry Fund	Van Breen-New Future Fund	Mr. P.J.F. Scheefhals Fund	Total	
Balance as at 1 January 2019	88,516	22,918	261,674	373,107	
Plus: income	-	27,190	-	27,190	
Minus: expenditure	-/-31,793	-/-20,000	-/-106,500	-/-158,293	
Balance as at 31 December 2019	56,723	30,109	155,174	242,004	

Notes funds

1. De Saint-Exupéry Fund (named earmarked fund)

Until 31 December 2034, an amount of \notin 56,723 will not be freely available pursuant to a notarial deed of donation that stipulates that the donation amount must remain as base capital for 30 years. Only the profits may be used directly by Terre des Hommes. In 2019, the available amounts were spent on project objectives.

2. Van Breen – New Future Fund (named earmarked fund)

In 2013, the Van Breen family signed an agreement with Terre des Hommes for a period of 5 years. In 5 annual instalments of \notin 20,000 the family wanted to make a contribution to helping vulnerable girls in developing countries to prevent and combat sexual exploitation – in particular child prostitution. Both the deposited core capital as well as the returns are available for spending on this objective. In January 2019, an extension of the cooperation was agreed for a period of 5 years. In 2019, in addition to the investment of \notin 20,000 by the family itself, additional donations of \notin 7,190 were added to the fund by acquaintances of the family. In consultation with the Van Breen family, an amount of \notin 20,000 was withdrawn and spent on the Devadasi project in India.

3. Mr. P.J.F. Scheefhals Fund (named earmarked fund)

This fund originates from the legacy of Mr. P.J.F. Scheefhals and is, for example, intended for the financing of projects for children who are victims of violence, mistreatment, abuse, exploitation, repudiation or abandonment. An amount of € 106,500 was spent on project objectives based on the amounts released since the commencement of the fund.

07. DEBTS	31-12-2019	31-12-2018
Non-current liabilities > 1 year	0	1,686,326
Total non-current liabilities	0	1,686,326
Current project liabilities < 1 year	1,308,976	7,557,838
Other current liabilities regional offices	534,710	324,128
Other current liabilities	8,822,826	3,996,882
Total current liabilities	10,666,511	11,878,847
TOTAL LIABILITIES	10,666,511	13,565,173

Notes liabilities

 Non-current liabilities and non-current project liabilities are significantly lower due to the change in accounting principle for project liabilities (see notes to Table 05. Reserves).

- The increase in other current liabilities of € 4,825,944 is related to a grant awarded by the Dutch Postcode Lottery for the Watch 24/7 project (impact on balance sheet € 2,641,278) and an advance payment received by DtZ for 2020 in December 2019 (impact on balance sheet € 2,293,415). The total grant from the Dutch Postcode Lottery of € 2.97 million will be spent over a period of three years.
- The fair value of the receivables approximates the carrying value.

Contingencies and other liabilities

Rights

For the coming years, 1,682 (2018: 1,641) patrons of Terre des Hommes have pledged contributions to Terre des Hommes by means of a (notarial) deed of donation. The annuity instalments to be received under these deeds of donation have not been taken into account in the year-end 2019 balance sheet. These will be recognised as income in the year of receipt. At the end of 2019, there are seven legacies with usufruct; the value of the financial impact of the benefits cannot be estimated due to the rights of the usufructuary to decapitalise, alienate or invest.

Obligations

Terre des Hommes guarantees, by means of a bank guarantee, payment of three months' rent for 15 shops (2018: 16 shops), for a total amount of \in 56,723 (2018: \in 61,973). In addition, corporate guarantees have been issued for 21 shops for a total amount of \notin 92,340 (2018: 15 / \notin 61,394).

Terre des Hommes rents four photocopiers/printers from Grenke finance for which a rental agreement has been concluded, which ends on 1 September 2021. At the end of 2019, 1 company car was leased for a maximum period of 48 months. It concerns an operating lease contract. The car is used by the employee who works on a daily basis for the shops and the volunteers in the country.

For the Cyber unit that supports our Watch projects, we rent office space at an external location where several organisations with strict data safety requirements are accommodated. The lease contract has been signed for 12 months.

At the end of 2019, Terre des Hommes has concluded contracts totalling \in 5.2 million with project partners that are to be carried out in 2020.

SUMMARY OBLIGATIONS					
	< 1 year	1-5 year	> 5 year	Total	
Rental shops	576,576	796,648		1,373,224	
Company cars	6,660	14,985	-	21,645	
Photocopiers	2,678	4,463	-	7,141	
Lease Watch	45,404	-	-	45,404	
Project obligations 2020	5,192,361	-	-	5,192,361	
TOTAL OBLIGATIONS	5,823,679	816,096	0	6,639,776	

During the year under review, an amount of € 19,146 in lease costs for company cars was recognised in the statement of income and expenditure.

8.4 Notes to the consolidated statement of income and expenditure 2019

General

The year 2019 shows a negative balance of income and expenditure of -€ 0.9 million. The underlying reason for a surplus of expenditure over income is the implementation of a number of multi-year projects that are mainly financed through unearmarked funds recognised in Terre des Hommes' reserves in 2017 and 2018. This is partially due to the change in accounting principle introduced in 2019, which has a positive impact on the opening balance of reserves in 2019 (release of external liabilities), followed by an increase in expenditure in keeping with the actual expenditure by the implementing partners.

Overall, income from private parties equalled the budget and was significantly higher (\notin 0.5 million) than in 2018, driven by an increase in inheritances. We see a similar pattern for income from companies where the increase compared to 2018 is due to a donation from Kuncai for the Mica project in India.

Income from lottery organisations increased compared to budget and 2018 thanks to a grant awarded by the Dutch Postcode Lottery of \notin 2.97 million for the Watch 24/7 project. This grant will be spent over a period of three years and the expenditure in 2019 amounted to \notin 0.3 million. In 2019, income from government grants was significantly higher than budgeted, and also than in 2018. The increase of \in 1.5 million compared to 2018 is due to an additional \in 0.6 million worth of grants for structural aid (mainly the GAA programme) and an increase in grants for emergency aid of \in 1.2 million. This increase is caused by an increasing focus on emergency aid, partly driven by a partnership with Terre des Hommes Lausanne for the application for and allocation of funding from the European Commission.

Income from foundations and other non-profit organisations was lower than budgeted and lower than in 2018. The time it takes between the initial contact with new foundations and when donations are actually received was longer than expected, fewer proposals were sent out due to staff changes in the department and the focus was primarily on improving the internal donor reporting capacity. We will be able to benefit from this in the longer term.

In 2019, spending on our objectives is significantly higher than budgeted and higher than in 2018 (\notin 5.2 million versus 2018). This is partly due to an increase in earmarked government grants and the corresponding expenditure (\notin 1.5 million): mainly GAA (€ 0.6 million related to Africa), emergency aid and mica. In 2019, there was also an increase in costs of approximately € 0.9 million relating to the fight against online sexual exploitation for assistance through our Cyber unit. In addition, we spent approximately € 1.2 million more on non-earmarked projects in Africa and Asia, including recently started self-implementation projects (without or partly with external partners).

In 2019, fundraising costs are higher than in 2018. Costs to attract individual donors continue to rise. We see that donors commit for less time while at the same time costs for door-to-door fundraising increase. Fundraising costs are significantly lower than budgeted (\notin 0.4 million) as we decided during the year to cancel a planned TV campaign on the basis of a risk assessment and cost/benefit analysis.

Management and administrative costs are higher than budgeted and have increased compared to 2018. This is due to tightness of the labour market. In 2019, we were once again forced to work with temporary workers longer than desired. This has a negative impact on costs. In addition, we expanded the management team while this had not been anticipated in the budget.

Details income

08. INCOME FROM PRIVATE PARTIES	2019	2018
Donations and gifts	5,485,343	5,420,013
Inheritances	1,772,716	1,337,681
Total income from private individuals	7,258,059	6,757,694

09. INCOME FROM COMPANIES	2019	2018
Income from companies	293,405	34,351

10. INCOME FROM LOTTERY ORGANISATIONS	2019	2018
Dutch Postcode Lottery (regular contribution)	2,260,000	2,250,000
Dutch Postcode Lottery (additional contribution)	328,722	0
Other lotteries	24,354	27,832
Total income from lottery organisations	2,613,076	2,277,832

In 2019, the Dutch Postcode Lottery has allocated Terre des Hommes a grant of € 2.97 million earmarked for the Watch 24/7 project. This grant has already been received in cash and will be spent over a period of three years. In 2019, € 328,722 was spent mainly on further development of software for detecting sexual exploitation on the Internet.

11. INCOME FROM GOVERNMENT GRANTS	2019	2018
Ministry of Foreign Affairs / DtZ Alliance	3,261,949	3,306,063
Ministry of Foreign Affairs / GAA Alliance	3,525,617	2,972,856
Dutch embassy / Bangladesh	822,543	838,288
Other grants	349,557	237,500
Subtotal: Income for structural aid	7,959,666	7,354,707
Ministry of Foreign Affairs / DRA South Sudan		21,123
Ministry of Foreign Affairs / DRA JHR Zimbabwe		10,094
Ministry of Foreign Affairs / DRA Ukraine	134,000	809,751
Ministry of Foreign Affairs / DRA JHR North Iraq	874,584	3,598,001
Ministry of Foreign Affairs / DRA Afghanistan	540,000	294,786
Ministry of Foreign Affairs / DRA Syria	735,682	687,099
Ministry of Foreign Affairs / DRA Venezuela (Colombia)	605,930	
Ministry of Foreign Affairs / DRA Nigeria	1,178,667	
Madad (Lebanon + Jordan)	153,403	
ECHO Bangladesh	850,000	
ECHO Iraq	1,275,182	
Subtotal: Income for emergency aid	6,347,448	5,420,854
Total government grants	14,307,114	12,775,561

Of the total grant for the Down to Zero Alliance, an amount of $\leq 2,158,443$ is intended for use by our alliance partners; this amount is included as costs for structural aid. The grant allocated to Terre des Hommes amounts to $\leq 1,103,506$. The GAA, DtZ alliance and Bangladesh Dutch embassy grants are of a structural nature and have been concluded up to the year 2020. The other grants are incidental in nature.

The grant settlements have been approved up to and including the year 2018.

12. INCOME FROM AFFILIATED NON-PROFIT ORGANISATIONS	2019	2018
Cooperating Aid Organisations	-	-
Total income from affiliated non-profit organisations	-	-

13. INCOME FROM OTHER NON-PROFIT ORGANISATIONS	2019	2018
Income from other non-profit organisations	485,861	630,376

14. INCOME IN RETURN FOR THE DELIVERY OF GOODS AND/OR PERFORMANCE OF SERVICES	2019	2018
Gross sales proceeds Terre des Hommes shops	2,501,440	2,403,253
Direct costs shops	-1,099,589	-1,111,936
Net result Terre des Hommes shops	1,401,851	1,291,317
Gifts received by Terre des Hommes shops	79,693	83,667
Other income shops	49,115	32,686
Direct costs HQ	-133,065	-92,505
Total income in return for the delivery of goods and/or performance of services	1,397,594	1,315,164

For the allocation of costs of the shops, DAS 650 (650.316) is followed, which states that 'the cost price is defined as the purchase value of the goods, increased by the direct costs related to the purchase and sale'. Costs that may be included in the cost price are both costs incurred by the shops themselves (costs of the shop premises including furnishings, costs of the volunteers and the facilities to register the flow of goods, to complete the sale and to receive the funds) as well as costs incurred by headquarters for the shops. The increase in these costs in 2019 is mainly due to tighter allocation of direct costs to the shops. This includes travel costs, website development costs, as well as writing off the loss of two closed shops (ξ 34 k). The appendix to these financial statements shows a detailed overview per shop.

15. OTHER INCOME	2019	2018
Rental income (including service costs)	36,400	54,055
Other	4,054	
Total other income	40,455	54,055

Notes

From January up to and including August 2019, part of the office building was sublet to CKM (Centre against Child and Human Trafficking).

Expenditure

16. STRUCTURAL AID	2019	2018
Asia	5,651,310	4,075,386
East Africa	5,013,419	3,528,957
South America	0	94,829
Netherlands / Other	3,933,893	2,856,977
Remittance to DTZ partners	2,157,993	2,217,594
Total structural aid	16,756,615	12,773,744

17. EMERGENCY AID AND REHABILITATION	2019	2018
Emergency aid using own resources	-	161,875
Using resources Cooperating Aid Organisations	-	-
Using grants	5,610,550	1,871,313
Remittance to partners	593,244	2,925,468
Total emergency aid and rehabilitation	6,203,794	4,958,656

18. FINANCIAL INCOME AND EXPENDITURE	2019	2018
Exchange gains/losses	-5,649	-31,364
Interest income current account / savings account / deposits	2,623	4,182
Interest received by regional offices	4,433	8,424
Total financial income and expenditure	1,407	-18,757

19. ALLOCATION KEY COOPERATING AID ORGANISATIONS	2019	2018	2017	
Costs emergency aid and reconstruction assistance	5,565	2,033	3,334	X 1,000
Income from own fundraising	9,435	8,738	10,468	X 1,000

The comparative figures 2018 have been adjusted in comparison with the financial statements 2018 due to the adjusted method of calculation.

8.5 Cost allocation

Spent on objectives							
	Structural aid	Emergency aid	Fundraising costs	Management and administrative costs	Total Actual 2019	Budgeted 2019	Actual 2018
(Project) grants and (project) contributions received	12,181,501	5,564,753	-	-	17,746,254	16,100,920	10,503,038
Remittances to affiliated (international) organisations	2,158,443	593,372	-	-	2,751,815	2,436,000	5,143,062
Communication costs	-	-	1,545,992	-	1,545,992	2,289,719	1,712,662
Personnel costs	1,733,033	32,750	1,249,967	750,526	3,766,276	2,745,572	3,210,490
Housing costs	68,860	1,301	49,666	29,821	149,649	98,500	122,063
Office and general costs	575,415	10,874	415,024	249,195	1,250,508	1,034,700	952,535
Depreciation	39,364	744	28,392	17,047	85,547	47,075	174,319
Total	16,756,615	6,203,794	3,289,040	1,046,590	27,296,040	24,752,486	21,818,170

Where possible, direct costs are allocated to the objectives, fundraising costs, and management and administration. Indirect costs are based on the number of persons employed in full-time staffing positions (FTE), spread over the main activities in accordance with an allocation key. For this purpose, the time per person is recorded that is spent on the relevant main activity.

Management and administrative costs also include the auditing costs. In 2019 these costs were:

Audit of the (consolidated) financial statements 2019 and additional costs financial statements 2018: € 104,465

• Audit of the country offices and projects: € 63,500.

Personnel costs	2019	2018
Wages & salaries	2,258,533	1,865,255
Social charges	330,100	263,871
Pension costs	239,790	211,941
Other personnel costs	937,853	869,424
Total personnel costs	3,766,276	3,210,490

Number of employees

At the end of 2019, the number of employees at headquarters and in the Netherlands totalled 51 (2018: 47), which corresponds with 44.7 FTEs (2018: 41.6). The number of employees in the regions at the end of 2019 was 86 (2018: 86). The total number of employees at the end of 2019 was 137 (2018: 133).

On average throughout 2019, the number of employees at headquarters and in the Netherlands totalled 45 (2018: 47), which corresponds with 43.4 FTEs (2018: 40.7). The average number of employees in the regions throughout 2019 was 81 (2018: 81). The average total number of employees throughout 2019 was 128 (2018: 128).

Remuneration Executive Board

In accordance with DAS 650, personnel costs for the Executive Board are stated separately in the financial statements. The Supervisory Board has determined the remuneration policy, the level of remuneration for the Executive Board and the level of other remuneration components. The policy is updated periodically.

In determining the remuneration policy and establishing the actual remuneration, Terre des Hommes follows the 'Regulation

for the remuneration of directors of charitable organisations for use by managements and supervisory boards'.

The regulation sets a maximum standard for annual income based on certain weighted criteria. Assessment of the situation at Terre des Hommes was carried out by the Remuneration Committee. This resulted in a so-called BSD score of 515 and thus to a grading in function group J, with a maximum annual income in 2019 of \in 156,754 for a one-person Executive Board. The actual annual income of the Managing Director remained well within this maximum.

The total remuneration, which in addition to the annual income, also includes taxable allowances/additions, employer's pension contribution and other long-term benefits could not exceed € 194,000 in 2019. The total remuneration of the Managing Director remained well within this maximum. The taxable allowances/additions, employer's pension contribution and other long-term benefits were also in reasonable proportion to the annual income.

The level and composition of the remuneration are explained in the table below.

8.6 Remuneration Executive Board

Name	C.W.J. Kok	C.W.J. Kok
Position	Managing Director	Managing Director
Employment		
Period	All of 2019	All of 2018
Type (term)	Indefinite	Indefinite
Hours	40	40
Part-time percentage	100	100
Remuneration (EUR)		
Annual income		
- Gross salary	125,000	125,000
- Holiday pay	10,000	4,167
Total annual income	135,000	129,167
Social charges (employer's contribution)	10,056	10,176
Pension charges (employer's contribution)	23,163	21,866
Total remuneration	168,218	161,209

The pension charges relate to the employer's contribution to the sectoral pension fund. The Managing Director did not receive any loans, advances or guarantees.

Unremunerated additional positions held by the Managing Director:

In 2019, Carel Kok held eight relevant unremunerated additional positions:

- Board member (Vice-Chairman) Responsible Mica Initiative
- Board member (Vice-Chairman) Terre des Hommes International Federation
- Board member Cooperating Aid Organisations
- Member of the CEO meeting of the Dutch Relief Alliance
- Member Supervisory Board Stichting Beheer Subsidiegelden Dutch Relief Alliance
- Board member (Chairman) Stichting Steunfonds Jeugd Rotterdam
- Board member (Chairman) Terre des Hommes Sweden
- Trustee (Chairman) of Save Sweetie Now (UK)

8.7 Events after the balance sheet date

The COVID-19 outbreak has an impact on the economic and social activity in all the countries in which we operate. We have taken a number of measures to monitor and prevent the effects of the COVID-19 virus, such as health and safety measures for our employees (e.g. working from home and temporary closure of the shops in the Netherlands) and securing our reports, controls and necessary cash transfers to countries, offices and partners.

Impact of COVID-19 on our activities

There is still a lot of uncertainty about the extent of the COVID-19 impact on our income and costs. The impact will definitely be significant, but it is not expected to have a negative impact on our net result for 2020. Even under the most negative scenario in our analysis, our current equity is more than sufficient to absorb this and continue activities in 2021 on the basis of our current structure.

The net impact of COVID-19 on our result is expected to be slightly positive because a large part of our income is similar to our costs (earmarked funds). In addition, nonearmarked funds are expected to decline by approximately 7% (maximum 25%) for the period April – December. This decline will, however, be compensated by a larger decrease in project expenditure financed with non-earmarked funds (between 25-50%) for the same period.

As our IT architecture is fully cloud-based in a similar way around the world, we were immediately able to effectively implement working from home. Worldwide, all our back-office employees are able to continue their activities from home. As a result, all our administrative controls are also available. As most of our fundraising is done from the Netherlands, this could be effectively done from home as well. With the exception of our shops in the Netherlands, which have been closed since mid-March. We expect them to reopen in June, in line with legislation in the Netherlands.

Our main challenge is that implementation of our project activities in the countries is limited as a result of the Corona measures. Certain activities. such as informative group sessions, have to be suspended because of the measures. As a result, expenditure in April was about 50% of the budgeted expenditure. At the same time, there is a definite need for aid activities as the guarantine measures increase the risk of child exploitation. During the past few weeks, our employees have redefined certain project activities, where necessary in consultation with donors. The aim is to ensure that these activities meet the COVID-19 need but at the same time that they can be implemented given the public measures. This still entails a high degree of uncertainty as the spread of COVID-19 in Africa and a number of countries in Asia is even greater than in the Netherlands and is still growing and there are therefore still no roadmaps available as to how to exit the lockdown.

Although the situation remains uncertain, at the moment we do not believe that the consequences of the COVID-19 virus will have a material adverse effect on our financial condition or liquidity. Our back-office activities continue worldwide, as well as our fundraising activities in the Netherlands. Due to limitations of the shops and the door-to-door fundraising, the non-earmarked income will be lower. The decrease in non-earmarked project costs, however, will be significantly higher.

8.8 Signature

Signature 16 June 2020 The Hague Carel Kok CEO Terre des Hommes Netherlands

OTHER INFORMATION

Adoption and approval consolidated financial statements

The Executive Board of the Terre des Hommes Netherlands Foundation adopted the consolidated financial statements 2019 at its meeting of 17 June 2020. The Supervisory Board of the Terre des Hommes Foundation approved the consolidated financial statements 2019 at its meeting of 17 June 2020.

Allocation of profits and losses

The result shall be divided according to the profit allocation in paragraph 6.2 'Allocation of profits and losses' in the statutes.

Independent auditor's report



Independent auditor's report

To: management and the supervisory board of Stichting Terre des Hommes Nederland

Report on the consolidated financial statements 2019

Our opinion

In our opinion, the consolidated financial statements of Stichting Terre des Hommes Nederland give a true and fair view of the financial position of the organisation as at 31 December 2019, and of its result for the year then ended in accordance with the Guideline for annual reporting 650 'Charity organisations' of the Dutch Accounting Standards Board.

What we have audited

We have audited the accompanying consolidated financial statements 2019 of Stichting Terre des Hommes Nederland, Den Haag.

The consolidated financial statements comprise:

- the consolidated balance sheet as at 31 December 2019;
- the consolidated statement of income and expenditure for the year then ended; and
- the notes, comprising the accounting policies and other explanatory information.

The financial reporting framework applied in the preparation of the consolidated financial statements is the Guideline for annual reporting 650 'Charity organisations' of the Dutch Accounting Standards Board.

The basis for our opinion

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

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

Independence

We are independent of Stichting Terre des Hommes Nederland in accordance with the 'Wet toezicht accountantsorganisaties' (Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence

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requirements in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

Emphasis of matter - uncertainty related to the effects of the coronavirus (COVID-19)

We draw attention to note 8.7 ('Events after the balance sheet date') in the consolidated financial statements in which management has described the possible impact and consequences of the coronavirus (COVID-19) on the organisation and the environment in which the organisation operates as well as the measures taken and planned to deal with these events or circumstances. This note also indicates that uncertainties remain and that currently it is not reasonably possible to estimate the future impact. Our opinion is not modified in respect of this matter.

Report on the other information included in the annual report

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

- the directors' report;
- the other information;
- appendices.

Based on the procedures performed as set out below, we conclude that the other information:

- is consistent with the consolidated financial statements and does not contain material misstatements;
- contains the information that is required by the Guideline of annual reporting 650 'Charity organisations' of the Dutch Accounting Standards Board.

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

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

Management is responsible for the preparation of the other information, including the directors' report pursuant to the Guideline for annual reporting 650 'Charity organisations' of the Dutch Accounting Standards Board.

Responsibilities for the consolidated financial statements and the audit

Responsibilities of management and the supervisory board for the consolidated financial statements Management is responsible for:

- the preparation and fair presentation of the consolidated financial statements in accordance with the Guideline for annual reporting 650 'Charity organisations' of the Dutch Accounting Standards Board; and for
- such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the consolidated financial statements, management is responsible for assessing the organisation's ability to continue as a going concern. Based on the financial reporting framework mentioned, the management board should prepare the consolidated financial statements using the going-concern basis of accounting unless the management board either intends to liquidate the foundation or to cease operations, or has no realistic alternative but to do so. The management board should disclose events and circumstances that may cast significant doubt on the organisation's ability to continue as a going concern in the consolidated financial statements.

The supervisory board is responsible for overseeing the organisation's financial reporting process.

Our responsibilities for the audit of the consolidated financial statements

Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high but not absolute level of assurance, which makes it possible that we may not detect all material misstatements. Misstatements may arise due to fraud or error. They are considered to be material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A more detailed description of our responsibilities is set out in the appendix to our report.

Amsterdam, 16 June 2020 PricewaterhouseCoopers Accountants N.V.

Originally signed by: M. van Dijk RA





Appendix to our auditor's report on the consolidated financial statements 2019 of Stichting Terre des Hommes Nederland

In addition to what is included in our auditor's report, we have further set out in this appendix our responsibilities for the audit of the consolidated financial statements and explained what an audit involves.

The auditor's responsibilities for the audit of the consolidated financial statements

We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit consisted, among other things of the following:

- Identifying and assessing the risks of material misstatement of the consolidated 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 intentional 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 organisation's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluding on the appropriateness of management's use of the going-concern basis of
 accounting, and based on the audit evidence obtained, concluding whether a material
 uncertainty exists related to events and/or conditions that may cast significant doubt on the
 organisation'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
 consolidated 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
 and are made in the context of our opinion on the consolidated financial statements as a whole.
 However, future events or conditions may cause the organisation to cease to continue as a going
 concern.
- Evaluating the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and evaluating whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Annex

Results volunteer groups

Notes

In the chapter 'Rights and liabilities not reflected in the balance sheet' we state the amounts for guarantees issued by headquarters as well as the lease commitments for the shop premises.

2019						
Shop location	Gross turnover	Direct costs	Net turnover	Gifts and other income *	Total profit	
Alkmaar	27,135	(22,425)	4,710	-	4,710	
Alphen	41,931	(29,791)	12,140	3,578	15,718	
Amersfoort	86,504	(30,577)	55,927	491	56,418	
Amsterdam	56,399	(23,429)	32,970	200	33,170	
Apeldoorn	59,309	(32,899)	26,410	2,653	29,063	
Arnhem	71,460	(24,518)	46,942	1,977	48,919	
Assen	49,449	(26,471)	22,978	50	23,028	
Barneveld	26,040	(2,236)	23,804	4,074	27,878	
Bergen op Zoom	53,748	(17,797)	35,951	2,618	38,569	
Beverwijk	15,808	(24,261)	(8,453)	694	(7,759)	
Breda	81,292	(28,024)	53,268	3,392	56,660	
Delft	52,979	(22,059)	30,920	2,312	33,232	
Den Bosch	111,254	(56,081)	55,173	2,544	57,717	
Den Haag	50,162	(26,066)	24,096	2,678	26,774	
Deventer	39,830	(16,301)	23,529	2,378	25,907	
Drachten	27,385	(19,874)	7,511	127	7,638	
Eindhoven	90,450	(30,557)	59,893	725	60,618	
Emmen	41,344	(16,762)	24,582	2,535	27,117	
Enschede	32,151	(25,525)	6,626	2,705	9,331	
Goes	30,025	(17,733)	12,292	4,246	16,538	
Gouda	48,700	(25,063)	23,637	580	24,217	

Table continued

Shop location	Gross turnover	Direct costs	Net turnover	Gifts and other income *	Total profit
Groningen	37,414	(21,285)	16,129	1,098	17,227
Haarlem	57,413	(21,191)	36,222	119	36,341
Haarlemmermeer	50,491	(22,622)	27,869	2,718	30,587
Heerenveen	32,302	(18,475)	13,827	275	14,102
Helmond	54,641	(33,450)	21,191	210	21,401
Hengelo	117,982	(31,969)	86,013	2,778	88,791
Hilversum	68,488	(27,604)	40,884	419	41,303
Leeuwarden	60,970	(25,378)	35,592	-	35,592
Leiden	43,171	(12,777)	30,394	3,616	34,010
Maastricht	59,677	(30,588)	29,089	506	29,595
Middelburg	85,371	(25,640)	59,731	2,559	62,290
Nijmegen	31,418	(26,967)	4,451	3,743	8,194
Oosterhout	81,763	(30,049)	51,714	1,303	53,017
Pijnacker	158,349	(10,307)	148,042	4,904	152,946
Roosendaal	20,449	(23,085)	(2,636)	944	(1,692)
Rotterdam/Barendrecht	50,591	(24,715)	25,876	34,804	60,680
Tilburg	55,798	(31,924)	23,874	1,866	25,740
Utrecht	49,138	(21,132)	28,006	2,573	30,579
Venlo	39,802	(18,589)	21,213	15,815	37,028
Wageningen	62,834	(28,398)	34,436	1,607	36,043
Westland	9,079	(12,789)	(3,710)	-	(3,710)
Zoetermeer	61,524	(31,790)	29,734	1,186	30,920
Zundert	48,100	(18,210)	29,890	977	30,867
Zwolle	54,820	(32,203)	22,617	4,231	26,848
Total shops	2,484,940	(1,099,586)	1,385,354	128,808	1,514,162
Working groups (3)	-	-	-	22,750	22,750
Total	2,613,748	-1,099,586	1,514,162	1,515,58	1,536,912
Recharged costs headquarters					-196,611
Result in accordance with statement of income and expenditure					1,340,301**

* Including proceeds rejected clothing

** The difference in result (64K) in this table compared to table 14 is explained by repayments on loans by the shops to HQ (30K) and the booking of two shop closings (34K).

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