

Minutes of Executive Committee meeting on 9 May 2023

Present

From the ExCom:

Agi Csonka, Chair
Bettina Bach (online attendance)
Juliane Marie Neiiendam
Karen Faarbæk de Andrade Lima
Mette Fejfer
Sophie Rytter
Ulla Næsby Tawiah
Vagn Berthelsen

Apologies:

Kim Simonsen

From the Secretariat:

Charlotte Slente, Secretary General
Vibeke Bach Madsen, Committee Secretary
Andrew Clarke, interim CFO, attended for agenda items 4, 5, 6, 7
Mikkel Trolle, Executive Director of Operations (HQ), attended for agenda item 4

From the Audit Committee:

Finn Schwarz, attended for items 5, 6, 7 (online attendance)

From the external auditors:

Christian Dalmose Pedersen attended for item 6
Henrik Wellejus attended for item 6

Agenda

| | Items | | Contents |
|-----------|---|----------|--|
| | News from the field: The current situation in Sudan / Charlotte Slente | | |
| 1) | Approval of agenda | Decision | Comments on the agenda |
| 2) | Nomination of three DRC members for the Board of Directors of DRC Kenya for the period 2023-25 / Agi Csonka | Decision | Annex 2.0 Cover note for nominations for the Board of Directors of DRC Kenya Annex 2.1 Nominations for the Board of Directors of DRC Kenya The ExCom will nominate three members elected by the DRC for the Board of Directors of DRC Kenya. |
| 3) | Decisions relating to the annual meeting of the Council on 31 May 2023 / Agi Csonka | Decision | Annex 3.0 Cover note for annual meeting of the Council Annex 3.1 Agenda for annual meeting of the Council on 31 May 2023 Annex 3.2 Proposed resolution to amend the Statutes Annex 3.3 Proposed resolution on annual membership fees |

| | Items | | Contents |
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| | | | The ExCom will take a last look at the agenda for the annual meeting of the Council and make decisions on the recommendations for adoption at the annual meeting of the Council. |
| 4) | Financial reporting / Andrew Clarke, interim CFO | Briefing | Annex 4.0 Cover note for financial reporting Annex 4.1 Q1 2023 ExCom report The preliminary Q1 2023 figures will be presented to the ExCom. |
| | BREAK | | |
| 5) | Risks faced by the DRC: operating, financial and organisational risks / Mikkel Trolle, Executive Director for Operations | Briefing Decision | Annex 5.0 Cover note for risk management Annex 5.1 Risk management, Annual Report 2022, including Management response The ExCom will be briefed on the main elements of the annual risk report and the response from Management. The report provides essential input to strategic considerations and actions. The Audit Committee is invited to attend this item. |
| 6) | Adoption of the 2022 Annual Report / Andrew Clarke, interim CFO | Decision | Annexes for the agenda item: Annex 6.0 Cover note for Annual Report Annex 6.1 Adoption of the 2022 Annual Report and proposed resolution on the allocation of profit or loss for the year Annex 6.2 Draft 2022 Annual Report The ExCom is to comment on and approve the Annual Report, which will subsequently be submitted for approval at the annual meeting of the Council on 31 May 2023. The Audit Committee and the external auditors will attend for this item. |
| 7) | Briefing from the Audit Committee / Vagn Berthelsen | Briefing | The ExCom is briefed on the activities of the Audit Committee (in addition to activities related to the Annual Report). |
| 8) | Announcements from the Chair / Agi Csonka | Briefing | |
| 9) | Any other business | | |
| | Recap after the meeting | | ExCom 'free time' with the possibility to evaluate and recap the meeting. |

Re 1) Approval of agenda

The agenda was approved as presented above.

Re 2) Nomination of three DRC members for the Board of Directors of DRC Kenya for the period 2023-25

Annex 2.0 Cover note for nominations for the Board of Directors of DRC Kenya and Annex 2.1 Nominations for the Board of Directors of DRC Kenya had been sent to the participants.

Agi Csonka opened the agenda item by providing information on the Board of Directors of DRC Kenya. DRC Kenya was founded as an independent association due to the requirement of the Kenyan authorities that the work performed by the DRC in Kenya must be rooted in a national Kenyan association with a separate board of directors.

The objects of DRC Kenya are to protect refugees and internally displaced persons from persecution and to promote durable solutions to refugee problems based on humanitarian principles and human rights.

The Board of Directors has five members, two being Kenyan nationals and three being appointed by the DRC. Members are elected for two years at a time. The Regional Director of the DRC EAGL (East Africa Great Lakes) must be an *ex officio* member of the Board of Directors. In addition, there are three members elected by the general meeting.

It is a tradition, but also because we so wish, that the three DRC members are also elected members of the supreme bodies of the DRC and must be elected by the Council. Specifically the ExCom and the Audit Committee.

When asked specifically and to ensure gender diversity, the Chair said that in view of the persons nominated, the Board of Directors would comprise three males and two females and that it was expected the elected members of the annual general meeting will be two males and one female.

⇒ **Decision:** *The ExCom approved the proposed nominations:*

- *Kim Simonsen, member of the ExCom and Deputy Chair of the DRC.*
- *Finn Schwarz, member and Chair of the Audit Committee of the DRC.
Finn has been a member of the Board of Directors of DRC Kenya since 2017.*
- *Michael Bach, member of the Audit Committee of the DRC.
Michael has been a member of the Board of Directors of DRC Kenya since 2017.*

Re 3) Decisions relating to the annual meeting of the Council on 31 May 2023

The following annexes had been sent to the participants:

Annex 3.0 *Cover note for annual meeting of the Council*

Annex 3.1 *Agenda for annual meeting of the Council on 31 May 2023*

Annex 3.2 *Proposed resolution to amend the Statutes*

Annex 3.3 *Proposed resolution on annual membership fees*

Agi Csonka opened the agenda item by briefing on the work carried out since the last ExCom meeting to prepare a **proposed motion on the composition of the ExCom**.

The information meeting on 30 March 2023 for Council members about the proposed amendment was attended by representatives of 10 member organisations / the volunteers in Denmark.

There was general acceptance and understanding of the initiatives. However, there was scepticism among the attendants about the proposal to reduce the number of elected ExCom members from six to three,

even though the consequence of that reduction would be that the majority of the ExCom members would be elected by the Council (three ExCom members and the Chair).

Against that background, it was recommended to propose that the number elected ExCom members should be four, that is, a reduction from six to four.

At the information meeting, it was also proposed to set up a **Nomination Committee** as an advisory body, which is to assess the competences of nominated candidates relative to the skills profile of ExCom members.

The ExCom discussed the proposal and agreed that it was too early to take that step as additional preparatory work was required.

⇒ **Decisions:** *The ExCom made the following decisions:*

- 1) *Approval of the final draft agenda.*
- 2) *Approval of the proposed resolution to amend the Statutes.*
 - a) *Change in language usage so that the ExCom will be referred to as 'Board of Directors', the chairperson will be referred to as 'Chair' and the deputy chairperson will be referred to as 'Deputy Chair'.
The amendments will be shown using track changes in a separate annex.*
 - b) *Change in composition of the ExCom so that:*
 - *The number of members up for election is reduced to four; accordingly, in future the ExCom will consist of five elected members (including the Chair) and up to three external members (instead of seven elected and two external) and one elected employee representative.*
 - *Up to three external ExCom members may be appointed (rather than up to two).*
 - *The election period of ExCom members is changed from two years (a total period of up to ten years) to **three years (a total period of up to nine years)**.*
 - *Phasing in: This specifically means that two members are to be elected at the annual meeting of the Council in 2023 instead of three. And instead of three, two members are to be elected in 2024.*
 - c) *The skills profile of ExCom members is to be used actively in connection with the nomination process for the ExCom.*
- 3) *Approval of proposed resolution on annual membership fees.*

Re 4) Financial briefing

Annex 4.0 *Cover note for financial reporting* and Annex 4.1 *Q1 2023 ExCom report* had been sent to the participants.

Andrew Clarke, interim CFO, went through the budget follow-up on Q1 2023.

2023 came off slightly below budget, which is usual for the DRC in light of previous years.

Moreover, we are affected by the situation in Afghanistan where we expect a reduction of our budget after the Taliban has introduced a prohibition against the employment of women – which is an area attracting supreme attention by the DRC and by the UN and other NGOs.

Although *revenue* is below budget, the bottom line for Q1 is positive and above budget.

The biannual process of operating forecasts for the organisation has now been started and is expected to be completed by the end of May / early June. The expected level of revenue attracts particular focus.

Liquidity is high. It has improved in recent years.

Selected countries have high liquidity, the reason being a wish to ensure the continuation of activities in those countries where bank transfers are posing difficulties.

Investments are below budget, partly because of a slow start-up period, partly because of a cautious approach, to avoid spending in excess of budget.

The budget no longer includes *losses*, so any losses incurred will impact the bottom line.

⇒ **Recap:** *The ExCom expressed its thanks for the briefing.*

It looks forward to the briefing on the biannual forecast.

Re 5) Risks faced by the DRC: operating, financial and organisational risks

Annex 5.0 *Cover note for risk management* and Annex 5.1 *Risk management, Annual Report 2022, including Management response*, had been sent to the participants.

Mikkel Trolle, Executive Director for Operations, reviewed the key points of the 2022 Risk Management Report and Management's response with regard to risk management.

The purpose of the Annual Report is to highlight to the Executive Management Team (EMT) the largest risks faced by the DRC, and it outlines the steps taken to ensure that they are efficiently handled. Moreover, the EMT and the DRC are better equipped to make informed decisions on risk management and efficient allocation of resources when these global and strategic risks are highlighted. Finally, the report aims to protect the mission and reputation of the DRC and the stakeholders' interests, which contributes to the ability of the organisation to achieve its aims in a successful and sustainable manner.

The DRC has worked systematically with risks since 2017 and has developed systems for the collection of information about risks, processing and management over the years.

The DRC risk management framework comprises both *operating risk management* with a comprehensive bottom-up approach – entailing that the individual countries and regions identify and review operating risks, which are escalated to a regional level or HQ depending on the seriousness/scope – and *strategic risk management* – entailing that HQ will identify, assess and compile strategic and global risks, including by studying field reports.

The HQ *Risk Committee*, which is composed of the Executive Directors at the HQ, will discuss and evaluate the information collected on risks and will subsequently prepare a draft for Management's response towards risk management. All the material will be considered by the EMT and the Audit Committee before it is presented to the ExCom for approval.

The purpose of the process is therefore to ensure that all risks are transparent to the organisation and that they are managed at the relevant level.

To the ExCom, it is essential to focus on cross-divisional and global risks.

Three of the nine risks identified for 2022 should be highlighted:

- *Financing landscape*
Despite increasing funding for the operational activities of the DRC, there is a risk that sudden changes in global or regional trends may affect the DRC's partnerships and financing sources, thereby impeding our ability to adapt to changes in priorities, provide timely responses and maximise cost efficiency.
- *Legal and legislative framework: a) Legislative framework and b) International sanctions against NGOs*
There is a tendency towards increasing requirements from national authorities (labour and tax

legislation etc.). Ultimately, it may give rise to fines, legal actions against the DRC and a potential risk that registrations allowing us to operate will be cancelled.

- *Data security and data protection*

This heading comprises two categories:

- 1) Cyber security and threats to data security, which comprises data breaches and ransomware attacks.
- 2) Compliance with statutory requirement like the GDPR in both EU Member States and third countries.

Risk management, Management's response

Executive Management Team of the DRC has launched several initiatives to manage and reduce the risks identified.

They include surveillance of humanitarian access, technical support for field offices, improvement of fundraising capacities, improvement of data security and improved handling of cash.

The DRC also emphasises leadership development, retention, and diversity and inclusion.

Moreover, the DRC has improved its liquidity and prepared strategic planning tools and resource allocation plans.

⇒ **Decisions:** *The ExCom expressed its thanks for the presentation and for the report, which is very clear, to the point and presented in a good format.*

The ExCom strongly supported the work performed and acknowledged both the complexity and the many multifaceted risk scenarios applied and faced by the DRC.

It was proposed to consider the possibility of making more visible the connection to and to incorporate reports from the internal auditors, for example on exchange rates and fraud.

The ExCom took note of the 2022 risk management report, including Management's response towards risk management.

As regards the financing landscape, the ExCom wants a thematic discussion of the financing models currently applied throughout the organisation.

Re 6) Adoption of the 2022 Annual Report

The following annexes for this agenda item had been sent to the participants:

Annex 6.0 *Cover note for Annual Report*

Annex 6.1 *Adoption of the 2022 Annual Report and proposed resolution on the allocation of profit or loss for the year*

Annex 6.2 *Draft 2022 Annual Report*

Andrew Clarke, interim CFO, went through the 2022 results, which include a net profit of DKK 7.2 million. Last year, we succeeded again in making a profit. We did so despite the fact that we suffered currency exchange losses for the first time in many years.

Revenue increased on previous years to DKK 3,301 million, although revenue was still below budget.

Investments came to DKK 28 million in 2022, which is lower than 2021.

Equity was just above the desired level of 6-9.5 weeks of operational activity.

Liquidity was at a comfortable level, somewhat higher than in previous years.

Annual Report

There was a desire to have the table of the top 10 individual donors changed as it would be beneficial to combine donors with several sources of funding into one. This change will not otherwise have any effect on

any figures of the Annual Report.

This was accepted by both the ExCom and the auditors.

Audit report

Christian Dalmose Pedersen and Henrik Wellejus, external auditors at Deloitte, made a brief presentation of the audit report.

The auditors provided a clean audit opinion for 2022.

⇒ **Decisions:** *The ExCom acknowledged the fine results. It was a great pleasure to make a profit again this year.*

The ExCom expressed its gratitude to Andrew Clarke, who had contributed as the interim CFO by supporting the great efforts made by the entire organisation.

The ExCom expressed its thanks to the auditors for their presentation of the audit report, for the audit opinion and for the good cooperation. The ExCom signed the audit report.

The ExCom also expressed its sincere thanks to the Audit Committee for its close monitoring of the work, which is an important and considerable support for the ExCom.

Re 7) Briefing from the Audit Committee

Vagn Berthelsen, the ExCom member on the Audit Committee, gave a short briefing on activities of the Audit Committee not already covered by the agenda of the ExCom meeting.

Re 8) Announcements from the Chair and the Secretary General

- **Recent changes to the ExCom**

- **Signe Husted Davidsen** is the new observer of DFUNK, replacing Rahima Abdullah, who has had to step down as Co-chair of DFUNK. Signe is now one of the Co-chairs of DFUNK, the other Co-chair being Salah Zada. Signe will be on the ExCom as from June and has been invited to attend the annual meeting of the Council on 31 May 2023.
- **Mustafa Rafiqyaar** has been elected as the new employee representative and is to replace Karen Faarbæk de Andrade Lima. Mustafa is a controller of the Finance Project Controlling team. Mustafa will take up this role after the annual meeting of the Council, which he has been invited to attend.

- **New EMT appointed**

As the ExCom has been notified in writing, a new EMT has been appointed following the recruitment of:

- Mikkel Trolle, Executive Director for Operations
- Kasper Orloff, Executive Director for Finance, Risk, Supply Chain (CFO)
Kasper will take up his position on 1 July 2023. His onboarding includes visits to a country operation and a regional office.
- Eva Gramby, Executive Director for Strategy, Programme and Learning
Eva will start with an introduction on 22 May 2023 and in the new department Strategy, Programme and Learning on 1 June 2023.

- **The ExCom has been invited for the conference *Protection on borrowed time (Beskyttelse på lånt tid)* on 10 May 2023 at 1:00-4:30 pm**

On 10 May 2023, the DRC and eight other NGOs will host a conference on the revocation of refugees' residence permits and temporary protection in Denmark. We find that there is a need to

attract focus to expert knowledge in this field and to take it into account in the political debate. Therefore, experts and representatives from business and industry will make presentations, and there will be a debate with politicians.

- **The DRC at the People's Meeting (*Folkemødet*) on the Island of Bornholm**

As usual, Charlottes Slente and other DRC employees will attend various panel discussions at the People's Meeting. The programme has not yet been completed.

Re 8) Any other business

No further business was transacted under this item.

ExCom meetings in 2023

ExCom/3 31 May 2023 3.30-5.00 pm

ExCom/4 20 June 2023 3.00-6.30 pm

ExCom/5 12 September 2023 3.00-6.30 pm

ExCom/6 Seminar from 9 November 2023 at 6.00 pm to 10 November 2023 at 6.00 pm

ExCom/7 5 December 2023 3.00-6.30 pm