Board Report and Accountability Statement 2017

Vereniging Artsen zonder Grenzen

▲ A doctor provides care for patients with diphtheria at MSF's clinic near Cox's Bazar. Bangladesh, February 2017.

Board Report and Accountability Statement 2017

This Board Report and Accountability Statement considers the most important matters which occurred in 2017 in relation to:

- the supervision, management, and implementation of policy (governance);
- the effectiveness and efficiency of achieving the MSF objectives, risk management, and internal monitoring;
- informing stakeholders;

and the extent to which these matters affect the realisation of the objectives of the MSF Holland Association[1]: *"to organise the provision of actual medical help to people in disaster areas and crisis anywhere in the world, in accordance with the principles expressed in the Charter. On the basis of its medical work, the Association endeavours to be an effective advocate for the population group it is assisting."*

This Board Report and Accountability Statement should be read as an integral part of the entire Annual Report of the Board and Management Team (MT) and alongside the Financial Statements of the MSF Holland Association.

[1] The entire project activities referred to in this Annual Report are coordinated by the Operational Centre Amsterdam (MSF OCA) group under the responsibility of the Board of the MSF Holland Association. The MSF OCA group is the operational partnership in which, in particular, MSF Holland, MSF Germany and MSF UK cooperate to realise our humanitarian medical mission. See also chapter 6, partnerships, of the Financial Statements.

Main operational and organizational developments in 2017

Large emergency response programmes and continued engagement in conflict areas marked the year in 2017. Most disconcerting in the second half of the year, we witnessed the hastiest mass departure of people from any country since the genocide in Rwanda in 1994. As of August 25, at least 671,000 Rohingya people fled across the border from Myanmar to Bangladesh. Our operations teams scaled up within no time. With 150 international staff and approximately 600 national staff in Bangladesh, we are providing the needed care, listening to people's horrific stories, taking testimonies, and advocating on their fate. Through humanitarian diplomacy towards the Myanmar government and worldwide, we have shared what we are witnessing on the ground and advocating for regaining meaningful access in Northern Rakhine State to the approximately 200,000 Rohingyas remaining there in isolation.

Earlier, in March 2017, our teams addressed the humanitarian and medical needs of another major population movement: the flight of an estimated one million South Sudanese people into Uganda. We opened emergency aid projects in the refugee camps of Rhino and Palorinya, with our programmes containing a substantial water and sanitation component. In Palorinya, our teams produced an average of two million litres of clean water per day from the River Nile, supporting over 100,000 people. We fully handed over the Uganda programmes to MSF France and the Uganda Red Cross Society in December 2017.

Following our commitment to our "People in Flight" strategic plan priority, we sustained our involvement in the search and rescue operation in the Central Mediterranean Sea despite the numerous challenges. Over the summer, we faced a ferocious campaign against NGOs that conduct search and rescue operations in the Central Mediterranean Sea. Our vessel, the MV Aquarius which is jointly operated by SOS Mediterranée and MSF OCA, was not spared and faced several blockades. Despite our capacity to rescue people at sea being hindered, we rescued a total of 15,078 persons in 2017. Directly associated with the search and rescue operations, in Libya our teams provided medical assistance to refugees and migrants arbitrarily held in detention centres in Tripoli. Our operations in Libya continue to pose major ethical dilemmas for our teams and the organisation. While providing medical care to the refugees and migrants held under inhumane, overcrowded and unsanitary conditions in the detention centres, we persist to speak out about the plight of this vulnerable population and demand a humane approach to migration and asylum management within Europe and elsewhere.

We spoke out vociferously on the containment policy of the EU in Libya and on the difficult journeys of migrants and refugees along the Central Mediterranean route. We published a powerful photo essay titled *"Human Suffering: Inside Libya's Migrant Detention Centres"* (August 2017) and issued an open letter denouncing the restrictive migration policies of the European governments in Libya: *European governments are feeding the business of suffering* (September 2017). Determining how to create the highest possible leverage for the migrants and asylum seekers in Libya remains one of our main challenges. Our operations are reaching their limits because we are confronted with limitations of access to persons held in the detention centers and increasing insecurity. Therefore, we are questioning ourselves on what our next step should be and in which direction our operations in Libya should go.

Again, in 2017 the Middle East context, DR Congo and South Sudan represented the largest missions in which we operated in responding to acute humanitarian medical needs.

Notably, in Yemen, where the war and blockade are taking a heavy toll on civilians, we continued providing much needed care and responded to the widespread cholera outbreak that was causing the deaths of thousands in the country. Six years into the devastating Syrian conflict, we continued supporting a network of hospitals in the southern part of the country and delivering comprehensive health care in the northern part of the country. After fighting subsided and former residents returned to find their city littered with unexploded remnants of war, our teams provided surgical care in Raqqa.

After a careful process following our abrupt withdrawal from Somalia in 2013, we restarted our humanitarian medical programmes in Galkayo in the first quarter of 2017. In May 2017, as malnutrition soared in the Horn of Africa, we treated our first patients at the Mudug hospital in Somalia. In November 2017, we launched emergency projects in South Central and Doolow to respond to the nutritional crisis.

In order to sustain a balanced and viable programme portfolio and in accordance with the strategic orientations highlighted in our Strategic Plan 2015-2019, our activities in Swaziland were handed over to the Ministry of Health in order to prepare for the full closure of our mission in 2018. In December, we successfully handed over our Harare psychiatry-HIV/TB project and the Epworth HIV/TB project to the Ministry of Health of Zimbabwe. After 17 years of presence in Chechnya, Russia, we closed our mental health project in March and we handed over our tuberculosis treatment activities to the Ministry of Health in December.

The Board notes that the financial context of the organization is changing. The growth of our programmes, responding to immense humanitarian medical crises and a combination of decisions and actions results in a concern that we could deplete our reserves too rapidly. For 2018, we have approved a modest growth in our operations budget of 3% to €260 million with an equal increase of expatriate staff posted to our programmes compared to 2017.

As in 2016, our strategic focus internally was required to ensure our HQ foundation is fit for supporting our operational ambitions. This will allow us to focus on increasing our agility and flexibility in addressing humanitarian medical needs in the future. However, the execution of overarching change projects is demanding and requires our continued focus to ensure that they will deliver on time. Once the overarching change projects are well on their way to deliver and consequently solidifying our foundation, we will revisit our organizational support model of head office to the field. This will be part of the broader set of strategic questions that we wish to address in preparation for our new Strategic Plan 2020-2023.

In September, Arjan Hehenkamp reached the end of his term of General Director and left the position after 6.5 years and a total of 25 years of service, which provided a memorable moment for the organisation. We are happy to welcome our new General Director, Nelke Manders, back into the organisation. At the end of 2017, both the Head of HRM and the Director Resources left their respective positions. We continued to have a high turnover in senior management, resulting in various gaps to be covered. This still causes vulnerabilities for steering the organization which is recognized by both management and the Board. By taking interim measures, but most of all keeping a careful eye on setting realistic priorities, we make an effort to minimize the impact on the organization.

Our work would not be possible without the tremendous support from the wider public in the Netherlands, Germany, the United Kingdom, Ireland, India and Canada and all the other countries in which MSF is based or carries out its work. This support enables us to persevere our emergency aid projects, also in countries and regions that do not make the headlines.

People, People, People

People are at the centre of MSF's work: the **people we assist**, the **people who make up our staff** and the **people who support us**. Fulfilling our core purpose of assisting people and communities in crisis depends on mutual respect between these three 'people' pillars. For our staff, regardless of their country of origin or where they work, we nurture this respect by embracing diversity and inclusion, which means ensuring they are actively engaged in the choices we make. In the spirit of the MSF Charter and Principles[2], our aim must remain that all who join MSF play an active part in how we achieve our social mission and best serve the people we assist.

In the autumn of 2017, the annual assembly of General Directors of all MSF sections contemplated that despite our tremendous global diversity, across all MSF sections consisting of 41,000 staff drawn from 149 nationalities, messages from staff at general assemblies, through surveys and reports convey that MSF is not yet succeeding to adequately secure inclusion. The MSF leadership accepts that it has not fully embraced the potential of diversity of our organisation, thus we aim to be more inclusive. We endeavour to further an environment in which all of our staff can contribute their full potential to our social mission. There is therefore a compelling case for change. The leadership of all MSF sections is unanimously committed to address it.

Commitment to act

The Board fully supports the urgency of addressing these concerns and commits to exercise the leadership required to bring about this change. It will pro-actively identify the barriers to inclusion and take enduring, concrete, individual and collective measures around the MSF movement, to introduce meaningful and lasting change. As stated by the General Directors, MSF unequivocally commits to fighting any form of abuse, commits to zero tolerance thereof, and commits to the reinforcement of grievance channels at all levels of the

[2] The MSF Charter and Principles can be found on http://www.msf.org/en/msf-charter-and-principles

organization and to apply necessary measures to reduce the occurrence of abuse. These efforts will preserve the unique spirit of MSF that drives people worldwide to fulfil our social mission. They will also recognize the work already done. Yet ultimately, they will bring about the needed shift to secure an organizational culture built upon individual respect and inclusivity, prerequisites for having the highest impact possible for the people we assist.

As a concrete step, in March 2017, the report *'Diversity and Inclusion in MSF OCA: Ways Forward at the Mid-Point of the 2015 – 2019 Strategic Plan'* was disseminated throughout the organisation together with a letter in which management positioned themselves on the findings. One of the key recommendations of the report was to establish a baseline for staff diversity and inclusion, both in terms of quantitative measurements of the current international workforce, as well as the perceptions related to diversity and inclusion in the wider organisation. To gather the baseline data, a survey was instigated to measure the actual understanding and perceptions of diversity and inclusion practices, staff satisfaction related to diversity and inclusion management and to gather a demographic snapshot of specific groups. The majority of respondents clearly foster the value of a diverse work force related to both accessibility to communities and security, as well as the "softer" benefits of working in diverse teams and appreciating more effective decision-making.

Achieving our Strategic Objectives: the 2015-2019 Strategic Plan

In 2017, OCA management continued with the implementation of the Strategic Plan 2015-2019 that was adopted in December 2014. The Strategic Plan (SP) provides the basic guideline for our humanitarian medical, operational and organisational ambitions between 2015 and 2019. Based on our vision, values, and principles, and following an extensive analysis of humanitarian aid in the world, we formulated six overarching objectives that we have been seeking to attain in this period. In addition to these objectives, we have been focusing on building a more internationally diverse staff base and further globalisation of the identity of our organisation.

Main Strategic Plan Objectives

Our main objectives contained in the MSF OCA Strategic Plan are:

- Improved access to populations in need and improved acceptance by authorities and populations in our operational contexts;
- An ongoing improvement in the delivery of our medical programmes; in particular we aim to achieve medical programmes that are more effective and more accessible to patients and communities, as well as more responsive to their needs;
- Improvement in the acute emergency response, and assistance of refugee populations, provided by both MSF OCA and the wider humanitarian system;
- Recruitment and retention of sufficient numbers of qualified, appropriately supported and well equipped staff;
- An improved support model that offers appropriate, timely services and enables our staff to be field- and needs-driven;
- A decisive contribution to a financially sound and accountable MSF movement, which remains operationally strong and diverse.

Main Strategic Plan achievements

In 2017, we reviewed progress against our Strategic Plan goals as we are midway through the implementation period. In the second half of 2018, we will begin preparing for our strategic outlook for 2020-2023.

Our access to people in need remains a challenge. Access can be constrained due to security, as well as administrative and political hurdles. In Syria, there was significant progress in terms of accessing areas in the north, including areas until recently controlled by IS. The list of non-standard approaches and set-ups for our programmes remains unchanged: India, Malaysia, Turkey, Mediterranean Sea and northern Syria. As previously mentioned, we restarted our humanitarian and medical programmes in Galkayo, Somalia, in the first quarter of 2017. The strategy to establish a representation of MSF in Russia developed by MSF OCA has been adopted and is being implemented under the lead of MSF-Germany.

We continue to deliver a diverse range of high-output health programmes across our operational portofolio. Since the start of this Strategic Plan period, there has generally been an upward trend in the number of patients, both at primary and secondary healthcare level. We report specifically high outputs in service areas such

as outpatient care, malaria, nutrition, tuberculosis (TB), mental health and kala azar. Overall, two important trends in HIV/Aids care can be seen. Strategically, we have shifted focus from direct support of first line ARV patients, towards a focus on vulnerable patient groups and contexts, where the gaps in service provision remain critical. This can be seen in overall reduction in number and size of HIV cohorts we supported. In 2017, we handed over two of our missions (Zimbabwe and Swaziland) with large HIV/TB programming components. For the neglected tropical diseases, we remain treating volumes of kala azar patients and MSF OCA is the only MSF section with a sleeping sickness programme. As in 2016, our response to water, hygiene and sanitation emergencies in settings where this is not taken on by other agencies is worth mentioning. In 2017, we engaged in sizeable water and sanitation programmes aiding refugees from South Sudan in Uganda.

We have identified several topics requiring focused attention to help achieve the operational ambitions set in the staff goal of the Strategic Plan 2015-2019 and beyond. The way we are set up around different categories of staff, the inclusion of national staff in the operational and decision-making process especially in programme coordination positions has seen slow progress. Creating a renewed commitment and momentum to can only be achieved by reducing barriersboth at HQ and field level, creating willingness to work with alternative mechanisms and establishing a cultural and behavioural change in how we view and position our national staff as part of our workforce. Additionally, investing in performance management and workforce planning remains key to ensure the supply of experienced medical staff and coordinators in the years to come.

As usual, to safeguard the capacity to respond to future emergencies, in the annual planning for 2018 a reservation in terms of financial and human resources is made to accommodate upcoming and acute emergency aid programmes. From the planned overall volume of around 800 full time equivalent international staff, 10% are not assigned and thus will be available for emergency responses, while noting that our ongoing programmes already encompass a significant proportion of emergency response. Overall, the planning is in line with our Strategic Plan objective to dedicate 15 to 20% of our resources to acute emergency aid.

Organisational developments, policies and procedures

Investing in our support capacity and our systems to increase effectiveness and efficiency of our operations as envisaged in the MSF OCA Strategic Plan 2015-2019 is well under way, although these overarching change projects are a challenge and progress in 2017 suffered from (project) management gaps. In total, we expect to invest between € 20 million and € 25 million in support systems and improvement projects during the period of this Strategic Plan.

Progressing our personnel management

Further to the achievements mentioned in the staff goal of the Strategic Plan we have made significant progress in the recognition that all line managers have a responsibility within the personnel management process. They are key to ensuring a positive experience for staff, leading to increased retention, and for our patients and the people we serve as a result. A strong link with the operations' and the medical departments is essential to success. To date, we were particularly successful with a punctual collaboration that resolved issues in the vital pool of project coordinators. This is an experience we will replicate to address issues in key medical pools. To ensure a more systematic collaboration on longer-term issues of demand and supply of field staff, a task force has been established to redesign and reinforce the matching process between the medical, operations and personnel management teams in order to strengthen our international staff pools.

The cooperation of the MSF OCA HR departments in the Netherlands, Germany, UK and India were further strengthened and to the extent possible, plans are aligned and targets and priorities are set in line with our overall objectives, better utilizing the capacity from all partners. The addition of Human Resource Advisors to support the operations' management and offering functional support to the programmes will further strengthen our personnel management. Despite good progress being made, the fundamentals of our strategy for staffing our missions requires priority attention. While staffing gaps are reduced, matching recruitment to our increased HR needs and filling key-positions in certain missions (e.g. in Central African Republic) remains a challenge.

We invested significantly in leadership and management development. Enabled by the Learning and Development department, we have widely consulted our staff working in the field and in the offices on their views on the values that leadership within the organization needs to uphold. The 'hand' shown below portrays the values that were consequently adopted as those that we aspire to for our leadership and employees:

To embed enhanced leadership values within the organization, a *Leadership and People Management Programme* has been developed together with Oxford Leadership and was launched in June 2017. We aim to have the vast majority of senior leadership within the MSF OCA partnership sections, both at the level of the head offices and in field missions, attend within the coming three years.

Improving systems and support

A significant number of steps have been taken to improve the organizational and IT capacity as a fundament for support to the field programmes. In November, a process began to create a plan which will enable the organization to develop to the next level, including future organizational design, improved control and steering while (re)defining roles and responsibilities.

In the area of IT, the MSF international collaboration to improve the infrastructure, network supply, necessary facilities and capacities in order to support the missions and the projects to work adequately and efficiently has proven to be successful. The rollout of our Global VSAT project has been very positive as our staff now enjoys greatly improved connectivity conditions in very remote locations, such as Lankien and Bentiu in South Sudan, Galkayo in Somalia and Bossangoa in the Central African Republic.

We successfully completed the deployment of our ERP system supporting our financial and supply processes in all field programmes. The project was completed within the set timeframe and budget, and without major conversion problems. Given the contexts in which we work, this is a noteworthy achievement.

We continued the work on the implementation of a new ERP system supporting our core business processes at the head office, most notably in our financial, supply chain, warehouse management and personnel management domains. Unfortuntaly, gaps in management at the end of the year resulted in substantial delays. In December, we asked a third party to review the project execution. After adjusting the project organisation, resizing the scope of the initial implementation and altering the project implementation methodology, we are now confident that the project will be delivered. In our investment planning, an appropriate project budget adjustment was made. The first phase release consisting of the functionality for personnel management is expected to be delivered by June 2018.

Continuing supply challenges

An effective supply chain and logistics system is of strategic importance to our programmes. Our distinctive supply and logistics capacity and capability make us essentially different from other humanitarian organisations. As was already noted in 2016, our supply systems and procedures are under pressure of the increased demand and the increasing complexity of both our medical programmes, as well as the regulatory (importation) requirements,. In 2017, we concluded that the incremental measures taken in previous years to sustain a predictable supply chain are not sufficient. A significant change in supply strategy is needed. While safeguarding the capacity to supply our programmes

and based on further analysis and an operational audit performed by Deloitte we are preparing to enable that change.

Refurbishing the house

We completed the planning of major maintenance and refurbishment of the office in Amsterdam, which was purchased in November 2016. The tender procedures for the selection of a construction company were concluded and after careful consideration, the decision was taken to temporarily move out of the office. We secured a temporary office at Naritaweg 10, 1043 BX, Amsterdam and as of the end of March 2018, are now located there until early 2019.

Energy efficiency

Consistent with the Carbon Footprint study carried out in 2011, the mandatory Energy Efficiency Audit established that 95% of our footprint is inherently associated with our worldwide work: air transport. Only 5% can be associated to the office and the related commuting. In the planned renovation of the building as mentioned above, energy efficiency is addressed mostly through HR++ glass in new window frames, led-lighting and optimising the climate control. Additionally, we have already switched to using fully green electricity sources.

Planning and control

In accordance with our regulations, the Board approved the 2017 Annual Plan. The Board considered the Annual Plan to be in line with MSF OCA's 2015-2019 Strategic Plan, approved in December 2014. Although much of the planning and control cycle is covered by the responsibility shared with the MSF OCA Council, the Board is regularly informed of the objectives, programmes and activities included in the Annual Plan. MSF has a planning and control cycle with three main reporting stages: the Annual Plan (in the autumn), the adjustment of the Annual Plan (in the spring) and the fulfilment of the Annual Plan after twelve months, which includes an accountability and learning exercise. The growth of our operations, investing in considerable improvement projects that include automation challenges and the increasingly complex environment requires continuous investment in improving the effectiveness and efficiency of our reporting and management information. The further development of key performance indicators remains a priority in the coming years. Furthermore, improving the quality and timeliness of steering information and aligning reporting internally (between departments, management and Board), as well as within the MSF International networks, is required and will be furthered in 2018.

Managing risk and opportunity

Our risk profile is very much determined by our worldwide operations. This means that we are exposed to a wide variety of risk, both originating in the varying operational contexts stretching from frozen to raging conflict as well as the varying levels of regulatory and socio-economic development that we encounter. Characteristic for both is that their future development and the impact on our activities are extremely difficult to predict and may change frequently. The design of our organisation and support infrastructure are tailored to quickly respond to changing circumstances, emerging risks and opportunities.

We manage risk with an emphasis on undertaking everything reasonably possible to reduce significant risks for our employees, patients and the populations we assist, to safeguard our reputation and to ensure our solvency. We recognise that risks are inherent to our work and continue working on creating an open culture in which risks can be discussed. In our approach to risk, both management at head office level and field teams running our programmes play an important role. In our work, security, health and safety risk management require and receive specific attention.

Risk appetite
The extent to which MSF Holland is prepared to take risks to achieve its objectives differs according to our main activities:

Risk category	Risk acceptance level					Description
	Averse	Minimal	Cautious	Open	Hungry	
Strategic		■	■			MSF Holland is cautious to risks in achieving its objectives and living up to its ambitions to play a leading role in delivering medical humanitarian aid and invest in the capacities to support that ambition.
Operations			■	■		First and foremost we aim at starting up and/or continuing emergency aid operations. Although we accept to be working in contexts of acute crises or conflict we will however do everything reasonably practicable to reduce significant risks for our employees, patients and the populations we assist.
Medical care	■					On the quality of medical care we aim for minimised (clinical) risk and maintaining high standards. We emphasise creating a culture of learning from error and disclosing incidents.
Reputation		■				We maintain a solid reputation on meeting our core principles (neutrality, independence, impartiality), transparency and accountability towards our donors and beneficiaries. This translates in an open associative governance and modest compensation for all employees. Our communications are accurate and based on what we witness ourselves.
Fundraising		■				In the choice an application of fundraising methods we want to be able to take new initiatives although build on a solid basis of our reputation and a sound basis. We are prepared to take risks in case funding is at tension with our independence.
Financial	■	■				A solid financial position is maintained in order to guarantee emergency response capacity and independent access to populations in distress and achieving our objectives. We are risk averse in our finance and investment policies.
Foreign exchange			■			Working worldwide in instable environments and having a diverse but predictable flow of income we allow minimal risk in managing foreign exchange risk exposure as we have an inbuilt hedge through the diversity of income and expenditure currencies.
Legal and compliance		■				We strive to comply with applicable laws and regulations with particular emphasis on our internal staff safety and security regulations as well as information privacy. In our programmes we accept up to a cautious level of risk towards local (tax) law and regulations.

Specifically, (financial) risk exposure may arise from tax and regulatory legislation that in the instable environments in which we work is subject to varying interpretations, and changes, that occur frequently. This is captured in our risk appetite towards legal and compliance. In our programmes, we accept a minimal up to cautious level of risk toward local (tax) law and regulations. Where management has assessed it as probable that a position on the interpretation of relevant legislation cannot be sustained, an appropriate provision has been included in the financial statements. During the year, we made significant progress in our internal control and continuous assessment regarding compliance with laws and regulations in our programmes and the mitigation of associated risks. This is an important focus for our Legal Counsel to work on. In view of the uncertainty in the environment in which we work and following the apparent development in the requirements of our external auditors, we are advancing developing our compliance control framework.

A risk inventory is maintained throughout the organisation, also involving employees and the middle management. This assessment involves the identification of risks with potential consequences for achieving our goals, including the quantification of the financial consequences and likelihood of the risks actually occurring. The Board is also paying particularly close attention to risks that could undermine MSF's reputation, and therefore the trust of our donors. Based on the risk analysis, we calculated the financial buffer required to absorb these risks and integrated this into our reserves policy. This has enabled us to efficiently redesign our risk management policy to be able to respond to these risks more adequately.

Managing security and safety
At the MSF international levels, the principles and good practice of our security management have been developed and formalized. Key elements are to ensure informed consent with regard to safety and security risk, sharing of all relevant information and analysis and

mandatory discussion. The MSF OCA General Safety and Security Policy has been updated to reflect the latest insight in our interpretation of our duty of care towards our employees. Next steps are that training material and specific modules, webinars, and tutorials will be integrated in the relevant trainings and staff briefings. Furthermore, in follow-up of what was already completed in the Iraq mission, additional priority missions have been identified in which the updated security framework will be implemented. These include our missions in Syria, Central African Republic, Yemen and South Sudan.

Adverse safety and security events are systematically recorded and evaluated. Events are classified according to the consequences (physical,psychological and material) for the individual, the programme or the entire organization. In 2017, 158 security incidents and 37 safety incidents were reported. The number of reported incidents stabilized on the 2016 level with, for the second year in a row, a small decrease in the increased exposure, relative to the number of staff working in our programmes. Car accidents remain a point of attention.

Operating with integrity

Operating with integrity throughout the entire organization and specifically in our projects and towards our patients, remains high on our agenda. Although we have been investing in our responsible behavior policies, patient safety procedures and fraud mitigation, fraud response and anti-corruption policies and have given active attention to those in the last decade, we realize we need to do more, do better and in a more profound manner. This realization comes with the notion that our organization has become truly diverse and much more complex given the contexts in which we work.

We have our integrity policy summarized in a clear statement that:
"As staff and volunteers of MSF-OCA, we all contribute together to an organisation in which integrity, honesty, professional ethics and respect for one another and our beneficiaries are key values. When we identify unacceptable behaviour or malpractice in the organisation, we address this."

Responsible behaviour

During the course of 2017, management flagged an alleged increase of breach of responsible behaviour cases being reported. As a response, the Board requested a substantive review of the reports. While the review did not reveal a rise, reasons for concern were noted. Therefore, it was decided to appoint a dedicated Focal Point Responsible Behaviour, attached to the General Director, and invest in improving procedures, access, and follow-up as well as dissemination of information and support to management. The Board and management reemphasize their commitment to fighting any form of abuse, to zero tolerance, and to apply necessary measures to reduce the occurrence of inappropriate behaviour.

In 2017, a number of nine cases of breach of responsible behaviour have been confirmed within MSF OCA. Five of those concerned sexual harassment. All incidents occurred between MSF employees. These incidents occurred in five countries and have led to the dismissal of nine staff members.

Ensuring patient safety

A key patient safety tool we apply is the reporting of medical incidents. In 2017, 52 adverse medical incidents were formally reported from 13 missions. This obviously reflects significant under-reporting of such events, but we can draw valuable lessons from those that have been reported. The majority of the incidents can be classified as errors in drug administration, lack of clinical monitoring and appropriate escalation of care, failure to follow standard clinical protocols and errors in diagnosis of patients. 56% of reported incidents were associated with the death of the patient, although this reflects a bias towards reporting only serious incidents that trigger an investigation.
Despite small numbers, we can see underlying common system weaknesses, that are quite similar to those in Western hospitals. These include lack of communication within clinical teams, inadequate handover processes and inadequate levels of supervision of staff as well as flaws in note keeping. The expectation is that all incidents reported will undergo a root cause analysis that is performed by the project team and followed by an improvement plan. All incidents are reviewed by the relevant health advisor and specialist advisors in the head office and reported to the Medical Director, who is then accountable to the MSF OCA Medical Committee of the Board.

Fraud and corruption

The integrity of our projects and the prevention of fraud and corruption remain high on our agenda. In 2017, the management in three of our programmes exposed three

instances where financial irregularities occurred. In the implementing service provider in India, financial irregularities were brought to the attention. The recovery and settlement procedures that were completed in April 2018 aimed to mitigate the risk exposure to the continuity of our aid operations in India as well as to minimize the financial losses that arrived at approximately €120,600. In Libya, approximately €61,000 was lost to a go-between actor between MSF OCA and the referral hospitals used in Tripoli. The main background to the occurrence of these irregularities was related to the ongoing insecurity and difficulty of direct and transparent contacts. This is now resolved.
Finally, in Swaziland, staff discovered a scheme of misuse of food- and transport vouchers issued to patients. In the assessment conducted by management, it appeared that for some time and at various levels, adequate (standard) measures to prevent fraud were not in place. The staff involved was dismissed following the appropriate Swazi dismissal procedures. An estimated €26,000 was lost in this case.

Reflecting on these financial irregularities, the Board is of the opinion that these are unique in their occurrence and do not pose a risk for systematic faults. At the same time, it is realised that fraud response and accountability for follow-up beyond measures against the fraudster are to be reinforced by management.

Reviews, evaluations and audits

Every year, a number of programmes or activities are selected for evaluation and audit. Reviews and audits help us to assure achieving our objectives.

Operating under single MSF representation in Afghanistan

The return of MSF to Afghanistan in 2009, after the 2004 Badghis brutal security incident which led to the complete withdrawal of the organisation from the country, was agreed under the internal condition of a single, undivided MSF representation in the country. The 2017 review found the single representation setup receives a strong adherence within the MSF Afghanistan mission and the three operational MSF sections supporting it, even though some improvements and adjustments are suggested at all levels. Benefits largely outweigh the constraints of this model up to now. This setup appears to be the perfect compromise between operational autonomy (3 distinct operational lines) and accepted interdependence necessary to mitigate the risks inherent to highly insecure contexts. The "one MSF" voice and consistency of representation appears to be a major benefit for security, perception and avoids fragmented contacts with, inter alia, the authorities. The MSF international and national staff is proud to work as "one MSF" in Afghanistan. In that regard, the set-up is a real success, in particular where it allows for the exchange of best practices from each Operational Centre (OC), invites sharing of resources, enhances solidarity and, to a certain extent, permits some economies of scale.

MSF international executive governance model

In 2012, a new model of governance was implemented at the executive level within the MSF international network: (i) a diverse, inclusive, and meaningful membership; (ii) a shared vision for the Movement with complementary operational approaches and; (iii) a system of governance that provides leadership and accountability. The review of this new governance was delayed because of various events, notably the 2014 Ebola epidemic in West Africa and the bombing of the MSF hospital in in Kunduz, Afghanistan in 2015. In 2017, an extensive review report was delivered looking at a wide variety of elements that contribute to good governance; ranging from structure, staff turnover and dependence on individuals, the management and buy in to internationally overarching projects, to political buy in for governance and decision making mechanisms. Overall, the objectives were found well on their way to being addressed within the new governance framework. The associative oversight is clearly involved in the workings of the MSF network, there is strong reflective and decisive action taking place to agree on the appropriate level of international integration between OCs and the governance structure allows clear lines of accountability to be identified. The findings of the report suggest that, while there is a lot of work still to be done to meet these objectives in full, the foundations are there. It is shared that to truly improve governance within MSF, further reflection and engagement will be needed from all in the MSF network.

Internal audit

MSF Holland employs two full-time auditors who report to the Controller. The Controller reports directly to the Audit Committee of the Board, the MSF OCA Council, and the General Director. The Board has monitored the progress of the 2017 Audit Plan and the resulting management actions and has approved the Audit Plan for 2018. The audits are planned and conducted based on a systematic risk assessment. In 2017, three internal audits were carried out of our activities in Chad, the emergency intervention in Uganda and Uzbekistan. In addition, an audit on the budget control monitoring and reporting of our emergency aid projects was carried out at the head office. The planned 2017 audit volume was not achieved due a changeover of staff.
Head office periodically assesses the follow-up actions

based on the recommendations from the internal audits. In general, the findings are followed up properly in all of the project countries. In addition to the specific findings, the audits focused mainly on those issues that affected several project countries. Examples include the continued need to ensure adherence to local taxation and local procurement procedures and control and to improve stock management. The findings, reports and the follow-up of the recommendations in the internal audits are reported to the General Director and the Audit Committee and discussed in its meetings.

The main findings and recommendations of the internal audits are consistent with the overall findings of the external auditors and the priorities that management has set improving internal control, systems and procedures. In Uganda, internal auditors noted that overall procedures were well in place, which given the rapid set-up of the programme was well achieved. At the same time, significant delays in importation and in setting up the supply chain were noted and escalated. Supply chain problems were also at the core of the findings in Chad where central stock keeping continues to experience major challenges and the risk of having overstocks was addressed. Findings in Uzbekistan highlighted that the integration of the complex TB-trial treatment project into the regular mission at times created confusing management lines. The internal auditors assessed the follow-up on a fraud case that was reported in 2016 insufficient in terms of integral management accountability. The Board is following this up.

The most common findings are systematically identified and incorporated in the planning and control cycle discussions with the different management levels. The Board and the Audit Committee are regularly informed on progress made with regard to the regularly occurring findings. The internal audit reports are shared with the external auditor.

External audit

In their reports, our independent external auditor, PricewaterhouseCoopers Accountants N.V. (PwC), once more highlighted the significant growth in operations the organisation has gone through in recent years. They note that our project budget control capacity and the administrative procedures around our supply process need attention, while progress is made on improving IT general controls, such as change management procedures, security, and back-up and restore procedures.

Management recognises the observations and recommendation made by PwC. In the annual plan for 2018 that has been agreed with the Board, priorities have been set accordingly. While recognising the overall agenda is ambitious, completion of the IT investments that are under way, such as replacing the ERP system, reviewing the supply strategy as well as adapting the organisation of support and our primary processes to the realities of today's humanitarian medical operations, are imperative.

Next to the statutory audit and as a more concrete follow-up on the audit findings of PwC, Deloitte was requested to carry out an operational audit of our supply processes and the performance of the procurement function, reviewing our procurement, inventory and transportation processes. Overall, Deloitte concluded that due to the growth in our operations, the performance and service levels are under significant pressure and that a shift in approach and strategy is needed. The management accepted the recommendations and has engaged in an in-depth review of the supply strategy that is expected to be delivered mid-2018.

In 2017, the Directorate-General for European Civil Protection and Humanitarian Aid Operations (ECHO), performed an audit on the grants received in seven of our project countries in 2014 and 2015. Although issues around expenditure cut-off dates were noted, their overall conclusions were positive with no significant disallowances to the grants received.

Protecting our brand

In recent years, we noted an increase in other organizations using the extension 'zonder Grenzen'. Ensuring the integrity of the Artsen zonder Grenzen name and brand principally aims to reduce the risk of dilution of the trademark and the risk of confusion in both fundraising as well as operational activities and eventual reputational risk for the organization. In 2017, an agreement on name change was reached in the four cases that were pursued. The Board has engaged Simmons&Simmons LLP on a pro bono basis to systematically follow-up on new and existing trademark infringement cases.

Tax control

The fiscal relationship between MSF Holland and the Dutch Tax Administration is regulated in a well-functioning covenant that includes agreements on supervision, specific procedures and the open exchange of relevant information. While the covenant principally refers to the Dutch tax regulations concerning our ANBI

status, payroll tax, VAT and inheritance tax, the tax exposure in the countries in which we operate is much wider. In 2017, we reviewed our VAT procedures in the Netherlands and continued working on strengthening our tax control framework, to ensure the complete and correct application of taxation rules. Considering that in the instable environments in which we work tax and regulatory legislation is subject to varying interpretations and changes, that can occur frequently, this will continue into 2018 with the support of qualified external tax advisors.

Data protection

We consider it important to treat the personal data entrusted to our organization responsibly and to be transparent about it towards the data subjects involved. As per 25 May 2018, the EU General Data Protection Regulation (GDPR) will come into force. Our policy is to achieve compliance with GDPR where we take into account managements position regarding the preferred risk appetite (see above as well) on decisions to be made e.g. regarding fundraising policies. These policies and choices will be made transparent at all times.

As of May 2017, an extensive trajectory in the lead up to the GDPR was started with the help of specialised consultants of Considerati, the Netherlands. We completed a gap analysis involving all our personal data flows. As part of the preparations, relevant privacy policies (including privacy statements), cookie statements and Data Breach Notification policies and procedures are being reviewed. It is expected that the majority of these will be implemented in time in the first and second quarter of 2018. In parallel with setting up our new ERP system, the personnel files and associated retention policies in particular were thoroughly assessed and cleaned up. A number of mandatory general and specific trainings, for managers, the fundraising, personnel and IT departments were conducted. At the end of 2017, the so-called article 30 register, systematically mapping our data processing flows is well under way. As of February 2018, a Data Protection Officer is appointed.

For our IT environment, a roadmap has been drafted. Ensuring the technical feasibility of some of the GDPR requirements this will take time and will be aligned with planned investments and future software replacements. In 2017, a penetration testing and IT security analyses were performed. Technical upgrades and alignment of head office and field infrastructure are in progress, acknowledging we will remain operating with technical constraints in our programmes.

Specifically concerning personal data, exchanges within the MSF International network are standing practice as we post personnel hired in other MSF sections in our emergency aid programmes. In order to regulate this in light of the GDPR, we have started a coordinated effort in drafting Binding Corporate Rules. This work will be completed with the French data protection authority and with the assistance of Allen & Overy, the Netherlands.

Our support to MSF India

The Indian branch of MSF Holland was set up in January 2013 at the request of MSF International. The aim of establishing a branch in India was to strengthen MSF's presence in India and the region. MSF India has much to offer to the international network of Médecins Sans Frontières with the recruiting of highly skilled field employees clearly standing out. India is also of great importance for medical research, medical innovation and the production of the so-called generic drugs that are often used by MSF.
As of April 2016, MSF Holland has an 8% stake in the issued share capital of MSF India. On behalf of MSF International, MSF Holland remains committed to further develop and support MSF India in the future. In 2017, a net contribution of € 2.4 million was invested in MSF India. This investment is being monitored using internal control procedures alongside a package of measures that guarantee effective monitoring by the Board. In 2017, a review of the viability and direction of each of the activities of MSF India was started in developing a mid-term strategy for MSF India.

Our communication and advocacy in the Netherlands

Our communications in the Netherlands were marked by our work and advocacy around the detention centres in Libya, crises in Syria and Yemen and, at the end of 2017, the sudden mass departure of over 671,000 Rohingya from Myanmar into Bangladesh.

We were able to keep up the high pace and number of communications of the previous years. We continued to express our growing concern about the lack of respect for humanitarian principles and humanitarian legal frameworks. In 2017, following the attack on the MSF Hospital in Kunduz, Afghanistan in October 2015 and following attacks on MSF hospitals in Yemen and Syria

throughout 2016 and 2017, the need for ongoing protection of medical facilities, patients and staff remained high on our advocacy and communication agenda. We concluded our public campaign *#NotATarget*, in which we called for greater respect for hospitals and medical staff with 25,375 supporters signing a petition which we handed over to the Dutch Minister for Trade and Development Aid.

Our search and rescue activities in the Mediterranean, as well as migration and asylum in general, stayed in the news throughout the year. This was spurred by our advocacy efforts concerning "People in Flight", one of our strategic priorities. In addition to our strong operational engagement, we emphasised the need for humane treatment of refugees and migrants at all stages of their journey. The media focus on migration related topics resulted in less opportunity to seek attention for populations we assist in other countries. Getting media attention for ongoing major humanitarian crises in DR Congo, South Sudan, the Central African Republic and even Yemen and Syria proved difficult.

During the year, finding a good balance between global advocacy topics, emergencies, daily news, and our other contexts and themes proved strenuous. An up-to-datecommunication content strategy is being shaped to be able to strike a better balance. Next to caldrawing attention in the media, we continued our advocacy and awareness raising through participation in and organizing briefings at the Dutch Ministry of Foreign Affairs, in participating in and organizing public debates, and via our own channels such as our website, Facebook, Twitter and our email newsletter. Overall, our relationship with media outlets remains strong and supportive of our organization, resulting in extra exposure. Similarly, our steadily growing number of followers on our social media channels demonstrates great support, as well as high engagement in our posted content. Among the wider public, our spontaneous name awareness of 21% (as researched by market research organization GfK) remains at the same level as in 2016.
During the Netherlands' presidency of the EU in 2016 we challenged the high prices and advocated for transparency and alternative models of research and development for new medicines. In 2017 we organized a conference bringing together academics, politicians, and policy makers to further push the agenda for access to affordable and effective medicines for our patients.

Our public campaigns primarily intend to raise awareness about the challenges faced by our patients and our work. In order to reach as many people as possible we used different channels to spread their and our stories. Ranging from traditional media such as television, magazines and newspapers, to social media and external websites, where we published our brand content in blog format aiming to reach people who we would not expect to see our stories elsewhere. Our focus on social and online channels is not only important to reach a broader, new and younger audience, these channels also offer us the opportunity to be 'in the lead' in communicating about our social mission. Furthermore, our longstanding relationship with the National Postcode Lottery also results in connecting with people we might not normally reach. With the support of the National Postcode Lottery, our field staff talked about their experiences in the TV-show *Koffietijd*, which is especially valuable for getting attention for conflicts such as in Yemen and in DR Congo. The visit of Caroline Tensen to our maternity hospital in Haiti resulted in an inspiring broadcast by RTL4 and generated a big spin off.

In 2017, we made important progress in creating an all year round calendar balanced with topics about our medical aid, advocacy themes, forgotten crises and dilemmas in our work in the field. At the same time, in order to stay visible and pertinent, we realize we have to change the way and the form of which we are sharing our stories and engaging with people.

Finally, in 2017, we geared up the implementation of our integrated communications and fundraising strategy 2016-2019, with a specific focus on online and becoming more data oriented. For 2018, we will focus on enlisting new supporters and implement different activation propositions building a future proof fundraising base for realizing our social mission goals.

Association and Governance

The Association Artsen zonder Grenzen - Médecins Sans Frontières Nederland had 871 members as of 31 December 2017 (2015: 786 members). Of the members, 555 live in the Netherlands and 316 live abroad.

There is an ad hoc Association Committee that has been delegated the tasks and responsibilities pertaining to the promotion of an active and vital association. On 31 December 2017, the Association Committee consisted of four Board members: Tessa Thiadens, Josine Blanksma, Jacques de Milliano and Wouter van Empelen. In addition, the Committee consisted of co-opted members from the Association Team: Violet Tsikiwa and Elko Brummelman. In 2017 the Association Committee in collaboration with the Association Team conducted a member survey. The outcomes contribute to accountability of the board to its members, focussing on improved information sharing and more targeted events.

General Assembly of members
On 20 May 2017, the Board rendered account to the General Assembly for the performance of its duties during the year 2016. The meeting was attended by 72 members, while 25 members also followed the meeting online via a livestream. Altogether, 172 members voted on adoption of the 2016 Financial Statements, for the election of new Board members and various Board and association member motions on participative and inclusive decision making at field level. The General Assembly approved English as the official language of the Accountability Statement as from the 2017 Accountability Statement onwards. Motions were presented and voted on at the General Assembly on Associative Life in the Field (ALF) and on institutional funding.

The ALF motion requested a solid commitment on the part of the Operational Centre Amsterdam (MSF OCA) to ensure an engaged associative life in each mission. A similar motion on ALF had been approved at the General Assembly of the United Kingdom, a partner in MSF OCA. The motion answered to a need to have better defined structures for ALF, with a clearer link to MSF OCA, enabling national staff and members to be meaningfully included in discussions.

A motion on institutional funding at the MSF Holland GA asked the Board to decide to eliminate government funding from the funding mix of the MSF movement. A similar motion on institutional funding was also voted on at the MSF UK General Assembly. These followed the International Board decision to suspend acceptance of EU and Member State Funding, which generated discussion in the movement on acceptance of institutional funding in general. The motion at the MSF Holland GA was not approved, as it was felt that it would be almost impossible to reverse such a decision and the background and consequences of such decisions would need to be considered carefully.

The main General Assembly topics included a discussion on termination of pregnancy, with an overview of MSFs work, successes and struggles with termination of pregnancy policies in projects around the world. The afternoon was dedicated to migration, which has again been an important topic for MSF in 2017. Discussions focused on Libya and detention centres and the ethical dilemma of 'complicity', which turns out not to be useful word. The 2017 General Assembly was also an important moment for members to discuss the future of the MSF OCA Partnership, a discussion carried forward in 2017-2018.

Association meetings
The 2017 OCA Café, held on September 9, was widely regarded as the best MSF OCA gathering yet. 263 staff and members from all over the world participated in various discussions in person, while 181 unique viewers, with 14 satellite groups, took part online. The MSF OCA Council informally rendered account for its monitoring activities and policies to the members of MSF OCA, including the Netherlands, Germany, the United Kingdom, Canada, South Asia and Sweden. As well as information about MSF OCA medical operational policies, debates were held about 'the future of the MSF OCA Partnership', 'Duty of Care to Patients & Medical Quality' and 'Humanitarian Access.'

The Association organised four debates and information evenings for the members on, among other issues, working with people in detention and a discussion with the membership on desired topics for future debates ant the General Assembly.

Other activities of the association
An important activity of the Association is the coordination of the speakers' pool (230 members). Returning MSF field employees are invited to give presentations at schools, government, NGO's, military gatherings, service clubs, etc. on their experiences in the

field and about MSF's mission. 180 presentations were given in 2017 (2015: 220 and 2016: 168) and we reached an estimated audience of 8.250 people. Evaluations are generally very good and funds have been raised at some of the occasions.

The Association is also closely involved with the organisation of the Peer Social Network, which provides support from volunteers to field staff on their return home. Alongside the professional debriefing and supervision, returning staff are also offered peer interviews or other means of support should they require them. We aim to set up two trainings for the members of the Peer Social Network in 2018.

Executive governance

The Board of the MSF Holland Association has delegated the day-to-day management of operations and the supporting office to the titulair General Director (as of 27 September 2017 Nelke Manders replaced Arjan Hehenkamp), and the members of the Management Team appointed by the General Director. The General Directors of MSF Germany and MSF United Kingdom take joint responsibility in the Management Team in the daily and operational management of the emergency aid projects. The Board retains full accountability for this work. Details on the composition of the management team and the remuneration of the directors are published in the Financial Statements.

The Board

On 31 December 2017, the Board consisted of 11 Board members (2016: 9). The members of the MSF Holland Association vote for the Board members from among their members. The 2017 Board elections were held during the statutory General Assembly of 20 May. Additionally, the Board has the option of appointing three members who have specific expertise or experience in order to enable it to perform its duties effectively. The composition of the Board on 31 December 2017 was as follows:

Appointed or reappointed in	Name Function (duration of membership)	Termination from	Functions
2015	**Wilna van Aartsen** (third term) President – member of the MSF OCA Council, member of the Bodex Resigned from the Board as per 31 December 2017	2018	No other functions in addition to Presidency
2016	**Joost van der Meer** (second term) Vice-President – member of the MSF OCA Council, member of the Bodex	2019	Medical Doctor in Tropical Medicine and International Health; Public Health and Humanitarian Aid Consultant at Phesta; Treasurer of Nedwork Broodfonds; Chairman of the Board of the Aids Foundation East-West (AFEW) Ukraine; Chairman of NVTG Public Health working group of the Netherlands Society for Tropical Health and International Medicine; Member of the Technical Review Panel of the Global Fund to Fight AIDS, Tuberculosis and Malaria.
2017	**Joke Bakker-Jansen** (third term, co-opted member) Treasurer – member of the Bodex; member of the OCA Audit Committee, Chair of the MSF Holland Audit Committee, Chair of Remuneration Committee Resigned from the Board as per 31 December 2017	2018	Strategic Financial Advisor, De Goudse NV; Member of the Netherlands Institute of Chartered Accountants ('Nederlandse Beroepsorganisatie Accountants', NBA); Associated beneficiary, eStudio2 (company of partner).

Appointed or reappointed in	Name Function (duration of membership)	Termination from	Functions
2015	**Unni Karunakara** (first term) Member of President Search Committee Takes over presidency as from 1 January 2018	2018	Director, Drugs for Neglected Diseases Initiative (DNDi) India; Member, Transformational Investment Capacity (TIC) Selection Committee Visiting Professor, Manipal University
2015	**Jacques de Milliano** (first term) Member of Association Committee Member of the Bodex	2018	General practitioner; GP trainer at the VU Medical Center
2016	**André Griekspoor** (second term) Chairman of the OCA Medical Committee	2019	Senior Policy Advisor in the Emergency Operations Department with the World Health organization (WHO)
2017	**Josine Blanksma** (second term) IGA Representative for the Association; Member of Association Committee	2020	General Practitioner, Medical Doctor in Tropical Medicine and International Health
2017	**Wouter van Empelen** (first term) Member Association Committee, Member Remuneration Committee Resigned from the Board, 1 March 2018	2020	No other functions
2017	**Tessa Thiadens** (first term) Member Association Committee, Member Ad-Hoc Presidency Search Committee	2020	Medical Doctor in Tropical Medicine and International Health; Currently working in geriatric care (ANIOS) - Het Gouden Hart, Zoetermeer; Member of the 'Concilium International Gezondheidszorg' en Tropische Geneeskunde; ALSO- Instructor, MSF Holland (max 2-3 weeks per year)
2017	**Peter Draaisma** (First term, co-opted member) Member MSF Holland Audit Committee, Member Supervisory Committee Connected	2020	CEO, IJsselland Hospital (and as CEO member of councils and organisations the hospital works with) until Nov 2017, Advisor after Nov 2017; Member, Sourcing Group Audit Institution Rotterdam Member Audit Committee of the Ministry of Economic Affairs and Climate; Policy Member of the Support Group of 'Stichting Pallieter'.
2017	**Tom Stones** (First term, co-opted member) Member of Remuneration Committee	2020	Deputy Corporate Secretary/ Senior Governance Auditor, AkzoNobel N.V.; Associate member, Institute of Chartered Secretaries and Administrators
2018	**Michel Farkas** (first term, co-opted member) Treasurer; chair of the MSF OCA Audit Committtee Appointed as per 1 January 2018	2021	Managing Director Global Support Services/ CFO, SNV Netherlands Development Organisation; Member of the Supervisory Board of RNW Media

Gert van Essen resigned in February 2017. Joe Belliveau did not stand for re-election. Josine Blanksma was re-elected by the General Assembly for a term of three years. Wouter van Empelen en Tessa Thiadens were elected for their first term.
The Board co-opted Peter Draaisma and Tom Stones (Legal Board Secretary) on the Board. The Board decided to co-opt a Legal Board Secretary to enhance its legal capacities and expertise in terms of contract law, governance and the Dutch regulatory context. The Board decided to co-opt Peter Draaisma to replace Gert van Essen as a board member with extensive experience on Supervisory Boards, with governance in large organisations and overseeing projects.
In line with her stated intentions at the time of her election as President at the 2017 general assembly, Wilna van Aartsen stood down as President and resigned from the Board as of 31 December 2017. At its December meeting the Board voted to elect Unni Karunakara to succeed Wilna as interim President until the 2018 General Assembly. As per 1 January 2018, Unni Karunakara took over the presidency.
Furthermore, Joke Bakker-Jansen stepped down as Treasurer and resigned from the Board with effect from 31 December 2017. As of year-end, the Board had identified and voted to elect Michel Farkas as co-opted Board member and MSF Holland Treasurer in succession of Joke with effect from 1 January 2018, allowing for a seamless transition of responsibilities.
The Board would like to express its gratitude to Gert, Joe, Wilna and Joke for their diligent effort and commitment in support of the Board's work during their respective terms.
All board members provided full disclosure of their professional activities, their ancillary activities and other interests in accordance with Article 5 of the By-laws. The Board has determined that no direct or indirect conflict of interest exists.

Evaluation of the Board
An evaluation of the Board is held every year, in which the Board evaluates its performance in relation to processes, content, meeting style, and its relationship with the Management Team. At the September 2017 Retreat, the Board focused on:

A. Composition of the Association Board (including committees);
B. Processes (including information, preparation and organisation of Association Board meetings);
C. Decision making (including goal setting and the Association Board as team);
D. Board Responsibilities (including performance of Association Board on core supervision responsibilities);
E. Accountability (including relationship with stakeholders).

To prepare the evaluation, board members completed a survey and were interviewed by Professor Mijntje Luckerath, specialized in governance. Prof. Luckerath also interviewed MT members for her evaluation. At the Board Retreat, outcomes and recommendations were shared, and points for attention were established. These focused in particular on the relation with the MSF OCA Council in terms of responsibilities, on purpose and focus of meetings and decisions, on priority setting, on information sharing, on the Board's relation with the executive and on accountability to the Association.

Based on these, the Board will focus on the following to contribute to its functioning in 2017-2018:

A. *Composition*: The Board will explicitly seek a more diverse board composition in terms of age and nationality. In 2017-2018, this includes the search for someone able to take up the leadership role of President. The President is considered a primus inter pares.
B. *Processes:* In 2017-2018 the Board will ensure that for agenda items one-pagers (coversheets) will be provided more coherently, giving an overview of the background, goals and financial implications of the items up for discussion. The Board will request the MT to provide these at least one week prior to meetings to ensure appropriate preparation time.
C. *Decision-making:* The Board will ensure that the purpose and outcomes of sessions will be more clearly defined and be summarized at the end of each session at board meetings. This will also facilitate communication of decisions to relevant stakeholders and follow-up.
D. *Board Responsibilities:* The Board aims to develop a matrix with a ranking of all board responsibilities, and analyse whether these lay with the MSF Holland Board or are an MSF OCA Council responsibility.
E. *Accountability:* Following the outcomes of the 2017 Association Survey, the Board aims to enhance its interactions with (accountability to) the association members. A restructuring of meeting agenda's will be considered and the Board will strive to provide more regular and relevant updates to the Association.

Board remuneration and Board expenses

With the exception of the President, no Board members are remunerated for the work they do for the board of MSF Holland. The board members are reimbursed for the costs they incur for travel, printing, telephone calls, etc. Board members may receive a volunteer payment of no more than €1,000 per year. Ten board members (including board members prior to the GA) exercised this option in 2017.

The MSF Holland By-Laws in conjunction with the Remuneration Policy specify the framework for remuneration of the President. The President may receive partial remuneration exclusively for the time he/she spends on board responsibilities for the international MSF network. The President's remuneration is detailed in the *Policy on the Remuneration of the MSF Holland Board* and is in accordance with the principles approved by the General Assembly.

- The President can claim remuneration for a maximum of 20 hours per week;
- The hourly fee is based on the salary grid that applies to the Management Team;
- The President's other income is taken into account when determining his/her remuneration.

For 2017, MSF Holland compensated the President, Wilna van Aartsen, the sum of € 25,000. In addition after having evaluated the actual time spent in 2016 on international matters, beyond those board tasks relating to the domestic affairs of the Association, the Board agreed to compensate Wilna van Aartsen and additional €10,000 relating to the financial year 2016. This correction results in a total compensation of €25,000 for the year 2016. The amounts are in accordance with the approved policy and was determined by decision of the board in its meeting of December 2016 which decision was not fully implemented at the time. In 2017, volunteer allowances to Board members amounted to € 6,600 (2016: € 6,500). This amount was paid to ten board members of whom one ended his term in June. No volunteer allowances were made following end of term.

Board meetings

The Board met six times in 2017 and held five telephone- and video conferences:

Meeting date	Attendance record
27-28 January	9/9
11 February (partner section joint board)	7/8
7/8 April	8/8
10 May (TC)	7/8
16/17 June	9/11
23 June (TC)	7/11
12 July (TC)	8/11
19 September (TC)	10/11
22/23 September (Retreat)	9/11
9 October (TC)	9/11
8/9 December	11/11

In addition, the Board ensured approval of urgent decisions via email on 19 April, 28 April and 31 August.

Moreover, the OCA Council met 5 times: on 10/11 February, 21/22 April, 14/15 July, 20/21 October and 15/16 December.

It is estimated that the board members spend an average of one day a week on their board responsibilities. There are large differences in the time spent by the various members on their board responsibilities, depending on their membership in board committees and the OCA Council.

Recurring agenda items at board meetings included:

- Updates from the Board Committees, to facilitate well-informed decision making on issues related to finance and risk, remuneration and the association.
- Updates on the MSF South Asia Regional Association (SARA): MSF Holland signed a letter of comfort with MSF SARA in 2016. It includes a commitment for financial support, coaching and co-optation of two MSF Holland association members in the MSF SARA Board (currently Pim de Graaf and Gert van Essen). The updates contribute to MSF Holland fulfilling this commitment.
- An operational update, to ensure that the Board is well informed to contribute to MSF OCA partner's joint responsibility for our social mission.

- Preparation of MSF OCA Council meetings and the IGA, to prepare the MSF OCA Council Representatives and IGA Representatives for their mandate to discuss, decide and vote on behalf of the MSF Holland Board.
- Sessions to prepare for well informed decisions on, among other things, the approval of annual plans, the mid-term review, reports, risk and finance.

In addition, in 2017 the Board focused on:

- Governance Reflection, to prepare for decisions on the future of the MSF OCA partnership in preparation of the 2018 General Assembly.
- MSF Connected, to ensure appropriate supervision of the MSF Connected project for renovation of the office building. In 2017, the Board established a Supervisory Association Committee to contribute to this supervisory role.
- Diversity and Inclusion. Established by the IGA and considered by members as an important focus area for the MSF Movement. For the MSF Holland Board in 2017 this included a discussion with the author of MSF OCA's diversity and inclusion report.
- Rakhine/ Myanmar motion: Following the 2014 Myanmar motion and the report published in 2017, the Board continued to follow up on this item to do justice to the motion. In December, the Board discussed a follow-up workshop to be held in 2018.
- The Search for a new president as from the 2018 GA. The Board established an ad-hoc Presidency Search Committee and drafted a term of reference in 2017.

Consultation with the Management Team
A permanent delegation of the Board held consultations (the Bodex) at fixed times with the Management Team and the Controller concerning ongoing organisational matters that did not fully require the involvement of the Board, the progress with regard to matters previously discussed, and the preparations for plenary Board meetings. There were six such meetings in 2017 (on 25 January, 3 April, 1 June, 14 September, 10 November and 16 November). The *Bodex* was abolished in January 2018.

Supervision

Sound governance is key to the values and culture of MSF Holland. The principles of governance that apply to the MSF Holland Association are detailed in three main documents: the Articles of Association, the By-laws, and the Management Statute. The Association plays a governance role in the wider movement by means of its direct participation in the International General Assembly in accordance with the MSF International Statutes. In addition, the cooperation agreement (MoU) with MSF OCA describes the operational management powers and oversight responsibilities, which MSF Holland effectively shares with the partners of MSF OCA and with MSF OCA's guiding body, the OCA Council. The principles agreed upon and set out in these documents reflect the principles of good governance to which the organisation subscribes. The Board is responsible for ensuring that these principles are relevant and that they are applied in practice. The Board has monitored this throughout the year with the help of the committees established by the Board and in regular consultations with the General Director and the Controller appointed by the Board. Via the MSF OCA Council Chair, MSF Holland and the MSF OCA partners are represented on the International Board of MSF in accordance with the MSF International Statutes.
MSF Holland has three statutory committees: the Medical Committee (which is an MSF OCA Council Committee), the Audit Committee and the Remuneration Committee.

Medical Committee
The Medical Committee consists of six members (including two vacancies at the end of 2017). The partner organisations in the Netherlands, Germany, the UK (vacant) and Canada each have a representative on the committee. Representation from Sweden and SARA (vacant) has been added. The chair of the MSF OCA Council and the Medical Director also take part in the meetings. André Griekspoor chairs the Medical Committee.

The Medical Committee advises in first instance the MSF OCA Council and indirectly the Board of MSF Holland on medical policy and approves the framework for providing accountability for the execution of the scheduled medical programmes. The Medical Committee met six times in 2017 (in person or per teleconference): May 19, July 6, August 15, October 13, November 17 and December 13. Specific topics discussed in the Medical Committee were amongst others the mid-term review of the Strategic Plan, Antibiotic Resistance & Stewardship and in-depth review of medical aspects of the annual plan. Special attention was given to improve the processes and data to have better insight in the performance and quality of the medical projects. This year, the Medical Committee welcomed representatives from all strategic partners to the meetings, and undertook a full review of its TOR and processes.

OCA and MSF Holland Audit Committees
On 31 December 2017, the MSF OCA Audit Committee consisted of five members: the treasurers of MSF Holland, MSF Germany, MSF UK and MSF Canada, and an independent Chair. The General Director and the Controller take part in the Audit Committee meetings. Michel Farkas chairs the Audit Committee.

On 31 December 2017 the MSF Holland Audit Committee consisted of three members: Joke Bakker-Jansen (MSFH treasurer), Wilna van Aartsen and Peter Draaisma. Michel Farkas, as independent MSF OCA Audit Committee Chair, served as linking pin. The MSF Holland Audit Committee meets on the same day as the OCA Audit Committee. In 2017, the Audit Committees met on 23 January, 21 March, 3 April, 5 July, 22 August, 4 October and 6 December.

The MSF Holland Audit Committee, and the MSF Holland treasurer based on MSF OCA Audit Committee meetings, advise the Board on matters of finance, risk management, governance and internal control. In 2017, the committee advised the Board primarily on the 2017 Financial Statements and the Auditors' Report, the 2018 budget, the interim financial reports, the renovation of the office building in Amsterdam (MSF Connected[3]), risk management, the MSF OCA Investment and Reserves policy, and the findings of internal audits that were carried out by the Control Unit both in the field and at the head office.

Remuneration Committee
On 31 December 2017 the Remuneration Committee consisted of three Board members: Joke Bakker-Jansen, Wouter van Empelen and Tom Stones. The head of the HR department and the Controller have a standing invitation. The Remuneration Committee advises the Board on the remuneration and grading framework for MSF Holland and the specific remuneration policy for the members of the Management Team and the members of the Board. The Remuneration Committee met six times in 2017, on 8 March, on 14 March, on 12 June, on 23 October, on 7 November and 24 November, and advised the board on exit arrangements for MT members and the remuneration of the President.

Consultations with the Works Council
The Board and the Works Council (WoC) met on 16 November 2017, to discuss MSF Connected, the devlopment of the MSF OCA partnership, a staff engagement survey, staff turnover and the complex dossier of remuneration for international staff (which is standardised between all MSF sections). The Board also invited the WoC at its December Board meeting for a follow-up discussion.

Meeting with heads of departments and operational managers
The MSF regulations provide for an annual consultation meeting between a Board delegation with the departmental heads, with the Controller, and with the operational managers. This specific consultation meeting did not take place in 2017. However, there was regular bilateral contact between the President and the Controller, and between the President of the Board and a number of departmental heads and operational managers. Furthermore, on a regular basis the Board invited heads of department for a consultative session in its meetings. In April, the Board invited Andreas Marggraf, the new Head of Finance. In June, the Board met with Klasien Hoeve, the new Head of Logistics. The President held a weekly bilateral meeting with the Delegate Director.

[2] In 2017, an Ad-Hoc Committee was created to supervise the Connected project: The Supervisory Association Committee (SAC). In 2017 the Committee consisted of Wilna van Aartsen, Joke Bakker-Jansen and Peter Draaisma.

Conclusions and account

In the opinion of the Board, the 2017 Annual Report provides a fair reflection of the programmes, activities, and results achieved in 2017 in relation to the agreed 2017 Annual Plan, the long-term strategic objectives, and to what was approved by the Board during the course of the year.

The Board is confident that the programmes, activities, and results achieved in 2017 have contributed to achieving the social mission goals of the Association as laid down in the statutes: *'to organize the provision of actual medical help to people in disaster areas and crisis anywhere in the world, in accordance with the principles expressed in the MSF Charter. Based on its medical work, the association endeavours to be an effective advocate for the population it assists'.*
All members of the Board accept responsibility for the Financial Statements and the Annual Report. The Board accepts responsibility for the internal control system established and maintained by the Management Team, which is designed to provide reasonable assurance of the integrity and reliability of the organisation's financial reporting and to assist in the achievement of the organisation's objectives. MSF Holland maintains an internal audit function that supports in the review of the internal control and risk management systems. Internal Audit reports are issued to the Audit Committee of the Board and contribute to the Board's opinion on the design and operational effectiveness of the internal control and risk management systems. The Board is of the opinion that the internal control and risk management systems operated effectively during the year 2017 and provide reasonable assurance that the Financial Statements for year ending 31 December 2017 do not contain errors of material significance. Accordingly, the Board considers to the best of its knowledge, that the Financial Statements drawn up by the Management Team for the year ending on 31 December 2017 fairly reflect the financial position and transactions of the MSF Holland Association.

On behalf of the Board and the OCA Council, we would like to thank every MSF employee and volunteer for their unwavering dedication in realising our humanitarian medical objectives all over the world in 2017.

Amsterdam, 9 May 2018
On behalf of the Board,

Unni Karunakara, President

Colophon

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MSF-Holland
Plantage Middenlaan 14
P.O. Box 10014
1001 EA Amsterdam
The Netherlands

T +31 20 520 87 00
E info@artsenzondergrenzen.nl
W www.artsenzondergrenzen.nl

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