



# warfair Advisory Board

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*Minutes from the meeting in the warfair Advisory Board, January 11<sup>th</sup> 2022 from 14:00-16:00.*

## Venue:

TEAMS

## Participants:

Peder Holk Nielsen (PHN): Member of the Advisory Board

Judith Kyst (JK): Member of the Advisory Board

Lisbeth Stausholm Zacho (LSZ): Member of the Advisory Board

Jacob Bøtter (JB): Member of the Advisory Board

Tahmina Salik (TS): Member of the Advisory Board

Christian Friis Bach (CFB): CEO of warfair, acting as Secretary to the Advisory Board

Karin Friis Bach (KFB): Director of warfair

Maria Kronberg Nedergaard (MKN), warfair Head of Administration

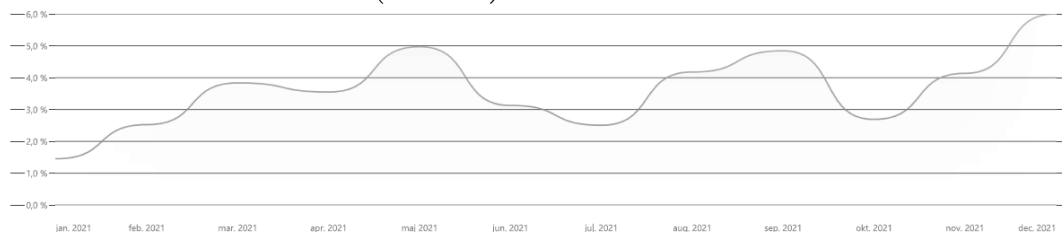
Katrine Lyngaa Bangsgaard (KLB), new volunteer assisting with marketing/communication

## 1. Minutes from last meeting & follow-up.

The [minutes](#) from the last meeting had been approved in a written procedure and uploaded to the website.

Follow-up actions and discussion/comments:

The marketing approach had been further fine-tuned to reflect the comments at the last meeting (people, quality, courage), with positive response. A written strategy has not been finalised yet. The modification of the website proposed by JB had increased the conversion rate from around 4 to around 6% (se below):



KLB and CFB met with the Danish hotel chain Comwell and had a good dialogue on the potential in the hotel sector. Further initiatives will be taken towards the restaurant/hotel sector in the coming month.

First steps towards website & SEO optimization and digital marketing have been made. A first analysis shows that the website technically performs ok but further optimization is needed.

## 2. News since last time

### Products:

Small lanterns from Yemen Journey, Afghanistan have been introduced and a new solar lamp with more soft light for the larger lanterns.

Plush animals and chocolate mini (4 g) and from Virunga Origins in DR Congo to Children.

Waistcoasts from Sarra Design in Afghanistan.

Combining several orders from Afghanistan in the last shipment had been necessary due to the logistical challenges but had proven to be a cost-efficient step.



### 3. Sales

Christmas sales through the webshop went well with a new monthly record (DKK 183.822 incl. VAT) despite several key products were significantly delayed and only arrived in December. The sale of Christmas presents to companies and organisations (7 in total) went ok (DKK 156.276 incl. VAT). We reached our maximum packaging capacity with the current set-up.

#### **B-2-B partners:**

KLB has contacted the Danish Fair Trade shops and warfair products are now available in the shops in Nakskov, Vejle and Århus.

#### **Events:**

warfair was present at a number of **Christmas Fairs** (Saxo Gade, Spoelsbjerg (4 weekends), Tversted Skole. Total sales amounted to around DKK 23.000 incl. VAT. The participation in Christmas Fairs was very labour demanding but gave good visibility.

CFB has held the first **warfair Lecture** at a high-school with a positive response and sales.

#### Discussion:

**The Advisory Board** recommended to have a systematic follow-up towards the companies that bought Christmas gift packages to see if they could be interested in for instance meeting catering. There should similarly be systematic follow-up towards the various retail shops that have introduced warfair products.

### 4. Financial result for 2022.

The annual accounts for 2022 had not been finalised but the Sales report from Shopify for 2022 (total sales DKK 843.148 incl. VAT) and the very preliminary accounts for 2022 (without all items posted) and Sales Statistics pr commodity were shared.

Preliminary results showed a turnover in 2021 of around 2 mio. DKK and the total stock increasing to around 0.8 mio. DKK. The total income generated in countries affected by conflict was more than 2 mio. DKK which was the target set in the beginning of the year (900.000 DKK in Afghanistan, more than 800.000 in Yemen, 150.000 in DR Congo and the rest in Somalia and Burkina Faso).

#### Discussion:

**The Advisory Board** praised the overall financial result and found it to be impressive in the first year of operation. While the turnover was solid the (preliminary) profit margin seemed to be (too) low, and it may end with a deficit. The fourth quarter had, however, been very encouraging and if total turnover was increased to around DKK 3 mio. it would be possible to balance the accounts even with normal salaries.

**The Advisory Board** stressed that it was important to further analyse the cost efficiency of the different sales initiatives. Appr. 50% of sales were to private customers and recommended further analysis also of the cost-efficiency of selling to private customers and B-2-B customers respectively – including labour costs.

The Advisory Board stressed that it was important to ensure the right pricing strategy and questioned whether the products were very price sensitive. The Advisory Board approved of the new step to include DKK 2.00 for each item that had to be repacked. The Advisory Board also stressed that discounts should be the exception rather than the rule – even for B-2-B customers.

There were further adjustments to be made with regard to the pricing of stocks (should reflect total costs upon delivery to the stock) and cost accounting.

The payment for goods from Afghanistan was raised as an issue. It had been impossible recently to pay directly to Afghanistan and payments has therefore been done to subsidiaries in



the US (Ziba Foods) and in France (SHADIAN). Due to problems with transfer of money out of Yemen one shipment from Yemen Journey had also been paid to an account in Denmark but with a third-party declaration also on taxation. The issue had been discussed in detail with the Ethics Committee. Advisory Board understood the challenges but emphasized that, if possible, payments should be made to the country of origin to minimize the risk of tax avoidance.

Transport costs had already gone up quite significantly and this could likely continue throughout 2022.

The Advisory Board emphasized that it was important to increase profits to have a robust model and to be able to increase total trade with conflict-affected countries further.

## 5. Due diligence platform

The project to update and optimise our due diligence platform has been continued and JB has already started the technical implementation. A presentation was shared. JB emphasized that the idea was a user-friendly and editable platform where everybody can stay updated with the development in countries and companies including everything for risk analysis, sanctions and environment to ethics, ingredients, and photos. We have received an offer by a Danish impact company to assist and together we will apply for funding at SMV:Grøn.

### Discussion:

**The Advisory Board** welcomed the idea and initiative and emphasized that trust and due diligence was a core part of our business model. The application for funding was also supported.

## • warfair trade and investment facility

With the build-up of stocks (presently around DKK 800.000) to ensure more stable delivery the need for liquidity has increased further. Moreover, there are several opportunities with our partners related to small-scale investments for instance certification, machinery etc..

LSZ and CFB presented a first draft proposal for the establishment of a warfair trade and investment facility.

### Discussion:

**The Advisory Board** supported the establishment of a simple low-cost warfair trade and investment facility in the form of a loan facility for “friends and family”. It should be low-risk loans (loans should have priority over the private loan given by CFB and KFB), at an interest rate of around 3% and as “overnight loans”. The Advisory Board could act as a supervising body by overseeing the use of the facility. A promissory note will be developed and shared for approval. The goal for the facility should be DKK 500.000-1.000.000.

## 6. Staffing

The need for a more robust set-up for packaging and logistics became even more evident during December. If a facility/fund for trade finance is established, the need to continuously generate a surplus will diminish and it is therefore proposed to work towards an (almost) full time position from the 1<sup>st</sup> of May. The position should assist with administration, logistics, daily packaging.

### **Discussion:**

The Advisory Board supported the establishment of a permanent position and noted that sometimes you must spend money to earn money. It was emphasized that 2022 is a very important year where the turnover must be scaled up.



## 7. Any other issues

### a. Other issues

A number of ideas were shared on press awareness and exposure.

### b. Next Meetings.

March 7<sup>nd</sup> 2020: 14-17.

May 10<sup>th</sup> 2022: 14-17 followed by dinner with Ethics Committee, staff, volunteers.