

Internet Watch Foundation

BOARD MEETING

1.30pm - Tuesday 12 December 2017

**Political Intelligence
69 Wilson Street
London
EC2A 2BB**

MINUTES

- Present:** Sir Richard Tilt (RT) (Chair)
Becky Foreman (BF) (Industry Vice-Chair)
Jonathan Drori (JD) (Vice Chair)
Philip Geering (PG)
Uta Kohl (UTA)
Sue Pillar (SP)
Jonathan Lea (JL)
Jacquie Mellor (JM)
Helen Dent (HD)
- Apologies:** Katie O'Donovan (KOD)
- Observers:** Matthew Eltringham (ME) (Funding Council Chair)
Andrew Puddephatt (AP) (Chair Elect)
Claire Bassett (CB) (Trustee elect)
- Attendees** Stuart Moss – Chartered Financial Planner - Price Bailey presentation
agenda item 5. Audit committee report
Michael Tunks (MT) (Policy and Public Affairs Manager - PPAM)
- IWF Staff:** Susie Hargreaves (SH) (CEO)
Fred Langford (FL) (Deputy CEO - DCEO)
Heidi Kempster (HK) (Director of Business Affairs - DBA)
Emma Hardy (EH) (Director of External Relations – DER)
Sandrine Harvey (SJH) (Minutes)

IWF Board Closed session

There was a closed session of the IWF Board from 1.30pm to 1.45pm.

1. a) Welcome and Apologies

The meeting began at 1.45pm. The Chair welcomed Andrew Puddephatt (Chair Elect from 01 January 2018), Claire Bassett (Trustee Elect) as observers and Michael Tunks (IWF staff) as attendees.

There were apologies from Katie O'Donovan.

The Chair informed the Board that the CEO and DCEO would join the meeting as soon as possible as they encountered some travel disruptions.

As the CEO and DCEO were delayed, the Chair decided to change the order of the agenda and items 4. FC communique, 6. Chair's report and 7. CEO report would be discussed when they have joined the meeting.

b) Declarations of Interest

There were no declarations of interest.

2. Draft minutes

The minutes of the previous meeting were **approved** subject to the following amendments:

5. Audit committee – a. Trustees' report

The first sentence of the second paragraph should read: "...to expand the Trustees' report on ..." rather than "...to expand the auditors' report on..."

9. Home Office campaign

In the fourth paragraph, the word "animosity" should read "anonymity".

12. GCHQ update – 1. Closer working/sharing intelligence

It has been suggested to reword "sharing intelligence" with "working process".

Action: SJH to amend accordingly.

3. Actions arising

Updates were given regarding the following actions:

Action 8.a. Members' service update - 03.10.17: This action is still on-going.

Action 12. GCHQ: This action is still on-going.

The Board noted the paper.

5. Audit committee report

The Chair of the audit committee reported the following:

a. Draft investment update – presentation by Price Bailey

The Chair of the audit committee introduced the Chartered Financial Planner from Price Bailey who presented to the Board some possibilities of investments. The main aim is to maintain the reserves' value.

2.00pm CB joined the meeting.

The Chartered Financial Planner gave the key recommendations for cash management and long-term investment.

Cash deposit – this type of investment gives a low return (below inflation of 3.1%). With a robust treasury policy, investment can be safe with secure institution and get a better return than currently.

When making the decision to invest in a fund, the organisation should look at the minimum credit rating of the institution.

A long-term investment would bring a return close to inflation of 3.1%, which could embrace some forms of risks. It is recommended to consider a diversified portfolio to spread the risks amongst various funds and minimise the risk. Long-term investment and cash returns, in the current market, would maintain the value of portfolio, but it is difficult to make a profit.

Further to a query from a Board member, the Chartered Financial Planner confirmed that the Investment Manager of the fund would decide about hedging or not, but not Price

Bailey. It was also clarified that there would be a small fee from Price Bailey, but the Investment Manager would take a percentage of the investment typically around 0.6%.

It has been suggested that in the Investment policy, points 2.2 Funds available and asset mix, an ethical issue should be added to avoid any risks about investments, which could cause a potential reputational issue.

Action: HK to add an ethical point to the Investment policy under points 2.2.

It has also been suggested that exposure to overseas investment could be accommodated in a pooled vehicle with a “AAA” rating, which could potentially provide more return and should be added to the policy.

It has been mentioned that the more restrictive in taking risks the Board is, the less return, the organisation will make. When appointing the Investment Manager, the ethical (overseas investment, property investment) issues should be mentioned in the policy. It has been **agreed** that a working group will be convened to appoint an Investment Management firm to be ratified by the Board.

Action: HK to re-write the policy about investment including the above-recommended points.

Action: HK to convene a group to appoint an Investment Management firm.

The appointed Investment Manager should also be transparent about the charged fees. The Board **approved** the recommendations about the cash strategy and the appointment of an Investment Management firm.

b. **Management accounts Q2**

There is no concern to report.

8. **Policy and Public Affairs Strategy presentation & update**

The Policy and Public Affairs Manager was congratulated for his paper.

5. **Other updates**

5.1 **ComRes Report**

The DER affirmed the increase of percentage in familiarity with the IWF amongst Parliamentarians was 11% (from 26% to 37%).

It was agreed that the relationship with the Home Office should be a priority for the IWF. The DPPA confirmed meetings with the newly appointed Directors, – the Director Modern Slavery and Exploitation and the Head of Safeguarding from Home Office had been arranged.

Action: MT to arrange meetings with Home Office.

It has been asked whether a decision about an “all party parliamentary group” (APPG) was still considered and suggested to consult its Public Affairs and Lobbying agency if a group is advisable or not, or if organising regular meetings with Champions to update them would be sufficient.

Rather than being seen as another charity, the IWF should look for opportunities to present itself as different. Should the IWF consider creating an APPG, it should also take into consideration the Lords.

Further work needs to be made on APPGs, their attendance and their effectiveness. It is believed that with the right Chair of the group in place, the group could be beneficial to the IWF.

Action: MT to investigate further the effectiveness of APPG with the help of the Public Affairs and Lobbying agency.

A Board member also reminded the Board and Executives of the importance of the relationship with NCA CEOP as it can have some influence on the government, especially the Home Office.

The Board also reiterated the importance of remaining independent from any governmental bodies.

2.30pm SH & FL joined the meeting.

9. Communications Report

4. Website

The DER pointed out that in the past the IWF had difficulties in spending the whole amount granted by Google to improve our search optimisation, but now with the help of an agency, the whole amount of the grant is almost spent.

A Board member pointed out that there was an increase of viewing of the fundraising page.

5. Annual report update

The final date for the launch of the report will be decided by the Communications Director who will be in place to cover the DER's maternity leave.

8. Department maternity cover plans

A Communications Director has been appointed to cover the DER's maternity leave and he will have a 2-week hand-over. The launches of the reports will be handled by the Director of Communications as well as the team.

The DBA has taken on additional responsibility for line managing the membership team during the maternity cover. The structure of the membership team is being looked at following the resignation of the Commercial Relationship Manager and further changes might be necessary. A temporary solution will be put in place until such time as a new structure is agreed.

The Board noted the paper.

4. FC communique - 14 November 2017

1. Board report

Action 4/11.17/5: The CEO will get back to the FC re. GCHQ and will follow up next year.

Action: SH to follow up on the Members' queries re. GCHQ in 2018.

2. Working group updates

b) Funding Council Working Group

The Chair of the Funding Council reported that the Funding Council (FC) members were seeking clarification on what the loss of the EU grant meant in terms of level needed to fund the gap and whether the IWF would ask the government for some funds. It was also queried which activities the IWF considered as core.

The Chair replied that despite cutting the expenses in some departments, there would still be a gap left.

The CEO reminded the Funding Council that the original projected gap was IRO £600k and a lot of work had been done to reduce this to the current projected gap of £250k-£300k pa. This had included judicious budgeting as well as exploring possible new income streams.

The Board discussed the functions undertaken by the IWF and agreed they were all related to the core activity of removing child sexual abuse material (CSAM) online. It was also mentioned that should some of these activities be cut, there might be an impact on the IWF's work and its reputation.

The Chair of the FC also asked if the harm reduction campaign was core. It was made clear that the aim of campaigns is to change the behaviour amongst the public (amongst young people) which is crucial if we are going to achieve our mission of eliminating online CSAM.

The CEO restated that at this point there was no intention to increase membership fees but to investigate new income model and welcomed the input, support and ideas from FC members.

A formal letter from the Chair will be written by the Chair to the FC. A Board member also indicated that should the IWF receive some funding from the government, there might be a request for the organisation to extend its remit.

Action: RT to write a formal letter in response to the queries from the FC.

6. Chair's report

The following items were reported by the Chair:

1) INHOPE

Following the resignation of the Executive Director, the Vice Chair of the INHOPE Board had resigned. The IWF Chair has also resigned as it is no longer appropriate to sit on the INHOPE Board. The election of new INHOPE Board will take place in June 2018 and the IWF should consider if it puts anyone up to election.

A new Executive Director is currently being recruited.

2) Data Sharing with US and Canadian Hotlines

The IWF had sought advice from its solicitors with regard to sharing data with US and Canada concerning its US Members, Whilst the advice was not totally conclusive, it was agreed that, overall, the IWF could continue with discussions about data sharing and this would not fall foul of any 4th Amendment issues.

3) Home Secretary

After being postponed twice, the meeting with the Home Secretary took place and it was a muted affair. It has now been confirmed that IWF is eligible, as part of the UK Safer Internet Centre (UKSIC) to bid for the next tranche of EU funding. There is no reason why the bid would not be successful, so this delays the funding gap until 2021. UKSIC have also been informed by the European Commission that should the UK withdraw mid grant period, the treasury would pick up any tab, on a ring-fenced basis.

The Home Secretary did suggest that the IWF should continue to seek funds from the EU even after we leave and did not give any indication that the Home Office would support revenue funding for the IWF. The Home Sec did say that they would consider any application from the IWF for specific projects that fight the problem. The Home Office is particularly keen that the IWF considers looking at the problem of online grooming.

The Home Secretary stated her commitment to the IWF and commended us for the role we have played making the UK safer. However, they did not accept that the funding of

another project was problematic for the IWF and our business model. Instead they suggested we work more closely with colleagues in US and Canada.

A Board member queried whether any particular reasons were given for the government to invest in an overseas project rather than in the IWF one. The Home Secretary did not give any particular reasons. The Chair expressed his concern that the Canadian hotline had said they might offer a URL list for free, which could compromise the IWF model. The IWF URL list, is quality assured and held up as the world 'standard' whereas the Canadian one is not proven. The Canadian hotline is paid for through funding from the Canadian government. The Board discussed the pros and cons of cooperating with the Canadian centre and NCMEC given their proximity to law enforcement as it could affect the organisation's independence with some industry Members. The CEO reminded the Board that about five years ago, the DCEO suggested a cooperation with the 5 eyes and no response were received from the other parties. With the launch of our crawlers, the IWF might be able to position itself in a stronger position and raise this again.

The Board **agreed** to wait before making any decisions regarding a cooperation and asked the DCEO to present a position paper in relation to the project the UK government invested in.

Action: FL to write a paper to present the IWF position in relation to project the UK government invested in.

7. CEO report

2. Strategic Developments

2.3 Theory of change and impact study

The CEO thanked all the Board members who took part to the workshop and expressed her disappointment by the work produced by the consultancy firm. As a result, the Board agreed not to pursue the project with this firm and look for another alternative. Another consultant who had been recommended and previously worked with the security services, Stonewall and Liberty amongst others had been brought in. Her brief is to work with the SMT on a 'Theory of Change' exercise, an organisational restructure and impact study.

The Organisational restructure will deliver a new structure that is future proof and focus on diversifying our income to include Membership, technical services, fundraising, donations etc

2.6 India

2.6.2 Vodafone India has indicated that they intend to join the IWF as a Member in its own right. Engagement with major Indian ISPs companies is still on-going and the CEO will be going to India in the New Year to meet companies and government officials.

2.7 Demos

The Demos launch will take place on 22 January 2018.

2.8 Report/Remove

The legal agreement has been agreed and the launch of the project will take place in Summer 2018.

3. International report

The International Development Manager will present at the next Board meeting in March 2018.

Action: JT to present her work at the next Board meeting in March 2018.

10. Technical report

14. Photo and videoDNA (pDNA/vDNA)

The use of the pDNA is still low and efforts are made to push companies to use the service.

21. ICAAlert/Black Box Solution

The CEO is scoping the development of the ICAAlert product as a new technical service to be rolled out to non-member companies, targeting major employers.

11. Presentation of IWF Crawler programme

The DCEO presented the IWF Crawler programme. He explained the differences between MD5 and pDNA hashes. He also pointed out that more and more of the content we see is Video.

The programme uses three different crawlers, which can look at the open and dark web. They will be able to identify CSAM which will then be assessed by an Analyst. 2018 is a pilot year. Once the Crawlers are fully operational we will see a huge rise in the level of content we are able to identify and remove. The Crawler will help the IWF to meet its mission, but no income is made.

Some of the larger IWF Members have offered donations in services in kind for the project. There are still some processing power issues, but these should be resolved shortly.

It has been asked whether this programme could detect encrypted images. The DCEO explained it could not be possible unless the images were on a public domain.

The IWF Crawlers are different to the Canadian programme, in that they are highly targeted. The IWF will not be issuing automated notices, at least for the pilot period, to ensure 100% quality control.

4.30pm AP left the meeting.

12. Director of Business Affairs report

3. Membership

The DBA indicated Tata Communications was on a 1-year glide, starting at £50k and then it would be part of the top tier Members.

The Board noted the paper.

13. Draft Budget 2018/19

Due to the resignation of the Commercial Relationship Manager, and the decision to look at restructuring the organisation, it was agreed to delay the budget so that a detailed one and full restructuring programme could be presented in 2018. It has been **agreed** that the budget will be presented to the FC at the April meeting instead of the January one.

Action: The budget will be presented to the FC at the meeting in April.

It was agreed that the proposed restructuring would deploy IWF reserves if required but these would not drop below the 50% agreed limit.

The DBA was asked to propose a 3-year budget.

Action: HK to provide 3-year plan.

14. Non-photographic Imagery draft policy

This item has been removed from the agenda and will be covered in 2018.

15. AOB

The Chair thanked Philip Geering, Independent Trustee, for his tremendous contribution and helpful support over the last six years as it was his last meeting.

PG thanked the Board for the opportunity given and wished the best to the new Trustees joining. He paid tribute to the Chair, the CEO and the Analysts for their work despite all the changes, challenges they are facing. He also paid tribute to the Industry Members for their work and making sure the internet is safe.

The Independent Vice-Chair thanked the Chair for his invaluable contribution and praised his excellent work in leading the Board over the last six years. The Chair thanked the Board and the Executives for all their work.

16. Dates of next meetings

The next meeting will take place on 27 March 2018.

The meeting ended at 4.45 pm.