

**Internet Watch Foundation**

**BOARD MEETING**

**10.00am - Tuesday 11 October 2016**

**Google Office  
1-13 St Giles High Street  
London  
WC2H 8AG**

**MINUTES**

**Present:** Sir Richard Tilt (RT) (Chair)  
Brian Webb (BW) (Industry Vice-Chair)  
Philip Geering (PG)  
Jonathan Drori (JD)  
Helen Dent (HD)  
Becky Foreman (BF)  
Uta Kohl (UTA)  
Katie O'Donovan (KOD)  
Peter Neyroud (PN) (Vice Chair)  
Paul Cording (PC) (FC Chair)

**Apologies:** Sue Pillar (SP)  
Jonathan Lea (JL)

**IWF Staff:** Susie Hargreaves (SH) (CEO)  
Fred Langford (FL) (Deputy CEO)  
Heidi Kempster (HK) (Director of Business Affairs - DBA)  
Kristof Claesen (KC) (Director of Policy and Public Affairs – DPPA)  
Sandrine Harvey (SJH) (Minutes)

**In attendance:** Suzanne Goldsmith (SG) (Price Bailey – Auditor) - part

**IWF Board Closed session**

There was a closed session of the IWF Board from 10.00am to 10.10am.

**1. a) Welcome and Apologies**

The meeting began at 10.15am.

There were apologies from Sue Pillar & Jonathan Lea.

**b) Declarations of Interest**

There were no declarations of interest.

**2. Draft minutes**

a) 14 June 2016

The minutes were **approved**.

b) 12 July 2016

The minutes were **approved**.

### 3. Actions arising

The Board noted the actions.

**Action 4. Actions arising, Action 10.4 – 26.11.13 (IWF history):** The DER informed the Board that an interactive timeline and animation will be created by info8 instead of a story about the history of the IWF.

**Action 7. CEO report – 17.03.15 & action 7. CEO report, 2. Strategic developments, 2.2 OAC:** The CEO updated the Board that the BBFC are poised to take over the assessment of OAC images as they have been informed by government that age verification for the adult industry will fall under their remit and therefore it makes even more sense for OAC to be part of it. A letter has been sent to Secretary of State, Karen Bradley, DCMS.

**Action 17. AOB – 24.11.15:** The CEO informed the Board that instead of organising a forum for our Members at the AGM, the IWF will invite Rory Cellan-Jones, BBC Technology correspondent as guest speaker.

**Action: EH to invite Rory Cellan-Jones as guest speaker to the AGM.**

**Action 16. AOB a. IMGUR – 14.06.16:** This action has been discussed under item 10.

### 4. FC communique

The Board noted the communique.

### 5. Ethics committee report

On behalf of the Chair of the Ethics committee, the CEO reported that:

- The committee discussed once age verification to adult sites is implemented, whether or not the adult industry should be considered for IWF membership. The DPPA will present a detailed paper with the pros and cons of accepting the adult industry into membership at the next ethics committee meeting. Currently, only ICM registry, the domain registry for the adult industry, has been allowed into membership. They were accepted as they do not host any content and they do take IWF services. As a Member, ICM is allowed to use the IWF logo on its website, but as it has been displayed in an inappropriate way. The CEO contacted the company and they have agreed to remove it from every page. It has also been **agreed** that the DPPA is working on a text for ICM which will be shown alongside the logo on a dedicated separate page.
- Research project: The CEO apologised that the Summary paper had been omitted from the full set of papers and this will be circulated by email. The CEO mentioned that Professor Julia Davidson, had agreed to step down from the Ethics committee as the Middlesex University had been awarded the Research contract and she was the supervising academic for the project. She will be replaced by Professor Sonia Livingstone, from LSE.

**Action: SH to circulate the research project by email to the Board.**

- The committee also reviewed the football campaign, which will be discussed under item 13.

## **6. Audit committee report**

### **1. Draft year-end accounts:**

The Industry Vice-Chair reported that the audit process had been difficult due to some staffing issues on the auditors' part.

The accounts were presented according to the new SORP requirements and in the future, they might be slightly amended with more elaborated comments. The Industry Vice-Chair also pointed out that it had been a good financial result with a healthy balance. Further to a query from a Board member, he also confirmed that the risks recorded in the register were in accordance with the auditors' expectations.

10.35am KOD left the room to get SG from reception.

10.40am KOD and SG from Price Bailey came in.

SG introduced herself and Price Bailey as the new auditors for IWF. She also passed on apologies from Helena Wilkinson, Head of Charities and NFP for her absence. SG talked through the reports.

#### **a. Draft IWF accounts**

The auditor pointed to the Board that the Trustees' report and financial statement had been prepared in accordance with the new SORP and also that these requirements were still under consultation and would be revised for next year.

#### **Trustees report - Objectives and activities**

##### *Achievements and performance*

A Board member suggested to explain what the hash list was.

**Action: HK to add an explanation of the hash list.**

#### **Trustees Report - Structure, governance and management**

##### *Remuneration of key management personnel*

As per the new requirements, details of remunerated management and trustees have been added under the note 9 "Analysis of staff costs and key management personnel" with a comparison between 2015 and 2016.

10.55am KOD left the room to get UTA from reception.

11.00am KOD and UTA came in.

##### *Income*

The auditor mentioned the substantial increase in income and the reserves of £1.7m, which were carried forward – all of which were unrestricted.

#### **Consolidated balance sheet**

##### *Current assets*

The amounts in debtors, creditors and cash had risen due to the increase of activity and the EU grant.

As IWL is going to be made dormant, there will not be a separate balance sheet for IWL as from next year.

### **Notes to the financial statements**

The auditor indicated that there were quite a lot of notes due to the amount of accounting policies and the new report regime. She also added that there was no change in figures in the notes, only a re-classification of the transactions.

#### *6a. Analysis of resources expanded by activity*

The auditor explained that the terms “resources expanded by activity” meant that these were the detailed costs, which were split between direct and support costs. The aggregate costs sat under the main titles.

The Board **approved** the accounts.

#### **b. Draft IWL accounts**

The Board **approved** the accounts. There were no activities into this company for 2015/16 as it is becoming dormant.

#### *Statement of income and retained earnings for the year ended 31 March 2016*

The only movement which took place in the income was a reversal of accruals from the previous year. For 2016/17, there will be no income.

#### *Note to the financial statements for the year ended 31 March 2016*

#### *(e) Going concern and post balance sheet event*

These notes confirm the company has been made dormant and the transfer to the IWF completed.

#### **c. Management letter to the Trustees**

The auditor read out the roles, responsibilities of the Trustees and auditors.

#### **4. Identified audit risks**

The risks identified were also presented and no concerns were identified. Due to the change of auditors, only a few adjustments were necessary in the revenue recognition and cut off including confirmation of creditor balances.

#### **5. Audit findings from our work**

##### *Opening balances*

Due to the change of auditors, the opening balances were reconciled with the previous auditors schedules and once this issue had been corrected, the opening balances were resolved.

##### *Reconciled schedules*

The deferred income reconciliations need to be completed regularly. The auditors will help with this by checking the schedules at the interim audit.

All the other findings are a matter of housekeeping.

## 6. Summary of adjustments – Internet Watch Foundation

There is an unadjusted amount of £32k that would have decreased the surplus for the year if it had been adjusted. The auditors did not make the amendments according to the decision of the audit committee not to adjust this item, but all the others were adjusted.

## 7. Sector developments and updates

The auditor pointed out to the Board that this section was the latest update about the charity sector and the emphasis in fundraising.

A Board member requested that the reconciliation issue due to the change of auditors should be mentioned in the management letter.

**Action: Price Bailey to add a note about the change of auditors and the reconciliation issue.**

### d. Letter of representation

The Board **approved** the letter of representation.

The Chair thanked the auditor for coming.

KOD and SG left the room at 11.10am

KOD came back at 11.15am.

## 2. Q1 Management accounts

The Board noted the accounts.

The DBA mentioned there were minimal movements in the first quarter and that the balance shown in the reserves was before the audit adjustments were made.

There are some variances on salaries due to some vacant positions to be filled in the Hotline. The DBA informed the Board that due to the travellers' issue in the car park, the Chair had approved an exceptional item in Q2 of £10k for the installation of a barrier in order to prevent such an issue to happen again and also for staff security.

The Board thanked the two members of staff who cleaned the car park after the travellers had gone.

The CEO brought the Board's attention to the amount of cash currently in the accounts due to the payment of the second part of the grant from the EU and that the DBA will review the investment options for the next Board meeting.

**Action: HK to review the investment options.**

## 7. Chair's report

The Chair updated the Board on the following issues:

- The Chair and the CEO met with the DDG NCA-CEOP to discuss an issue, which had arisen. The Board agreed that there was no need to pursue the matter as there were no particular concerns which had been expressed by the Funding Council.

- Code of Practice & Categories of membership: Farrer & Co had provided their advice on this issue which went beyond the specific request of FC. It was agreed to contact Pennington's to seek another view on the specific areas identified by FC but to discuss the Farrer opinion at the next Board meeting as this raised some overarching fundamental considerations pertaining to the overall governance of the IWF as a registered charity.

**Action: Board to discuss the Farrer opinion at the next meeting.**

- INHOPE: The Chair informed the Board that INHOPE has the intention of signing an agreement which presented considerable issues for the IWF which the Chair had made INHOPE aware of. The Board discussed the consequences this might have on the IWF if the MoU were signed. The Chair will report back following the INHOPE AGM in Tallinn.

**Action: RT to report back to the Board.**

- European Citizen's Prize: The Chair reported that he will attend the ceremony for the European Citizen's Prize in Brussels on 12 October 2016 and will report back to the Board.

**Action: RT to report back to the Board.**

## 8. CEO report

### 3. International report

#### 3.1 International Business Model

##### 3.1.2 India

The CEO thanked the FC Chair and Vodafone for their help in India for the launch of the Portal and setting up meetings. Reports have already been received thanks to the good work from IWF's partner, Aarambh. The CEO was pleased to report that UNICEF now considers IWF Portal as part of the solution for countries.

The CEO reported that over three visits to India we have built a strong relationship and our credibility with a range of partners including government, law enforcement, industry and civil society. Much of that was due to the visit of the DCEO who was able to demonstrate the technical credibility of the IWF.

The Chair of the Board and the Chair of the FC congratulated the CEO and team for their work.

##### 3.2. #WeProtect/UNICEF Global Fund

The CEO informed the Board that the IWF had submitted an application to the Global Fund to end Violence against Children for \$500k over three years to establish 30 reporting portals in the least developed countries in the world. The roll out of the hash list was not eligible. A response should be received end of October/beginning of November. The CEO thanked Microsoft for their letter of support.

It has been mentioned to the CEO that there might be some funds available as some budget had not been spent within DIFD

**Action: KC to explore possible underspend.**

The CEO updated the Board that delivery of the approved business plan was totally on target and this will be reviewed in December during the SMT annual planning cycle.

## 9. Communications report

### 3. 20<sup>th</sup> anniversary and event

#### 3.1 BT Tower

The DER updated the Board on the final arrangements for the 20<sup>th</sup> anniversary at the BT Tower and confirmed that one of the guest speakers would be Baroness Shields, Minister for Internet Safety. She also informed the Board that a media launch would take place on 21 October to celebrate the IWF anniversary. Lisa Stacey, who covered the DER during her maternity leave, had been hired on a freelance basis to lead the PR project.

## 6. Website redevelopment

A new homepage has been designed and all the final amendments have been made. The launch for the website should be early December after all the penetration tests have been performed.

The DER also mentioned that a communication intern had started her one-year contract on 5 September and that a new Communication Assistant with higher experience would be hired to replace the vacant position left by the Communication Officer.

The Board noted the paper.

## 10. Policy and Public Affairs report

The DPPA in his report provided a EU and UK update on policies as well as a Brexit briefing paper and a paper about engaging with non-members.

### **Brexit**

By end of March 2017, the UK will trigger article 50 to start formal negotiations to leave the EU. Next year will also be the elections in France and Germany, so negotiations might be more difficult.

### **Engagement with non-members**

The DCEO presented a SWOT analysis of the risks the IWF could incur in naming companies, which complemented the DPPA's paper about engagement with non-members. Currently, the IWF does not have such policy and it has been asked to consider whether there was a need for it or if a different approach should be sought. The DCEO also mentioned the pros and cons of naming companies, but it became obvious that the negative impact could outweigh the positives, and not meet the IWF's objective to remove CSA content.

American companies have to comply with mandatory reporting in the USA so are obliged to report to NCMEC, so they can argue that they are already fulfilling their legal obligations by that removing CSA content. A Board member suggested that different ways of engaging with companies should be used depending on whether or not, they were removing CSA content and act responsibly – this might not mean to be part of the IWF and the IWF cannot force companies to be members.

A Board member asked to expand the pros and cons of naming in the first paragraph.

In the process map, it has been suggested to switch around stage 5 and 4.

**Action: KC to re-draft the paper according to the above-suggested comments and re-submit at the next Board meeting.**

## 11. Technical report

The Board noted the paper.

The DCEO explained some of the reasons behind the high percentage of hosting content for some countries.

## 12. Director of Business Affairs report

The Board noted the paper.

### 4. Finance update

- 4.1 The DBA informed the Board that the audit committee had received a detailed report at the last meeting about the new auto-enrolment scheme suggested to the staff and that the committee had approved it and asked the Board to ratify the decision. Further to a query from the Chair, the DBA confirmed that the staff had been consulted and also that Parker Sage, pension adviser, would come into the office, explain the new scheme as well as present on a one-to-one basis.

The Board **approved** the new scheme.

- 4.2 The DBA queried whether the FC members had made any comments about the template letter for “glide agreements”. The Chair of the FC said he would double-check with the secretariat, but there were none made to his knowledge.

**Action: PC to double-check with the secretariat if the letter has been approved.**

## 13. Football campaign

The CEO updated the Board on the football campaign and inform them that she was handing the project over to the DER now that she was back from her maternity leave. The project has been proven a fantastic opportunity to raise awareness, but also frustrating as from the four Premier League clubs, which showed an interest in taking part only one of them, Everton, agreed to go ahead. The other three clubs would not agree to sign a letter of engagement even after the wordings was changed to include ‘using best endeavours’.

A freelance coordinator has been contracted in the North West to lead the project. The idea of starting with the North West came from the proactivity of Everton and Liverpool in safeguarding during the Safer Internet Day. The campaign is going to be formed of a package of workshops, which would monitor the attitude of young men before and after the experience. If this is proven to be positive with one club, it could be rolled out to others. The difficulty is that clubs do not want to be involved with child sexual abuse, expose their players and there is a certain football clubs’ culture around it. It has been suggested to try to approach other clubs, maybe in London, which might be more open-minded in tackling the issue.

## 14. AOB

The suggested dates for the Board and audit committee meetings have been approved.

The CEO mentioned that, due to their terms of office coming to an end, the recruitment for a new Chair and two new Board members would start in March 2017.

The meeting ended at 12.50pm.