

**Internet Watch Foundation
Board Meeting
10.30 am - Tuesday, 8th July 2008
Peters Elworthy & Moore, Salisbury House, Station Road, Cambridge CB1 2LA**

MINUTES

Present:

Amanda Jordan (Chair)
Emma Ascroft
Rodney Brooke
Naomi Cohen
Mark Gracey
Stephen Locke
Hamish MacLeod
Tink Palmer
Ian Walden

IWF Staff:

Peter Robbins (CEO)
Keren Mallinson
Brian Wegg

Apologies:

Suzy Walton

1 Apologies and welcome

Chair opened the meeting, explained the reasons for relocating the meeting and noted apologies.

2 Minutes of previous Board meeting – 20th May 2008

These were accepted as a true record of the meeting.

3 Matters arising - (including action summary from 20th May 2008)

Board noted the position with regard to EurISP which was one of the small ISPs from the ‘tail’ and concluded that they had a preference for small companies which wanted CAIC access to become members in order to establish a relationship with the company and more easily satisfy due diligence.

Board wished to clarify the position and asked the executive to prepare a paper for the September Board meeting.

ACTION B6: Executive paper to September Board covering:

- i) Membership categories;
- ii) CAIC access; and
- iii) How to brief industry members on membership applications from the ‘tail’ of small ISPs.

Chief Executive confirmed that no precedent had been set with regard to the conditions of EurISP membership and that their membership would be subject to annual review.

It was noted that membership of Funding Council was subject to a separate process and industry members would need information about new IWF members in order for Funding Council to admit members.

Clarification was sought with regard to IWF's position on the implementation of the extreme pornography legislation. Industry members wished to see reassurance that taking on this responsibility will not cause unreasonable and continuing workload pressures. Industry Board members explained that Funding Council had considered the matter further and had a number of points on which they needed more information.

ACTION B7: CEO to prepare a briefing note for Funding Council responding to the issues raised.

Board noted the briefing paper on the present arrangements when IWF to responds to public consultations and Chief Executive said that a policy statement on the matter would be brought to the September 2008 Board meeting.

ACTION B8: Executive to prepare a policy statement on IWF responses to consultation.

It was noted that all other actions from the last Board meeting had been carried out or were main agenda items. There were no other matters arising.

4 Minutes from Executive Committee of 6th May

These had been circulated separately and were noted.

5 Operational matters:

Hotline Audit report and executive summary and responses

a) Covering letter

Noted.

b) Inspection Report

c) Summary of recommendations and proposed actions

Chief Executive introduced the Inspection Report, the summary and proposed actions. He explained the background to the inspection and pointed out that the primary purpose of the Inspection was to provide confidence to our many stakeholders that the processes involved in the collection, assessment and subsequent delivery of a list of child sexual abuse URL's and in this regard the IWF had passed with flying colours. The Audit Committee had received an early feedback on some of the personnel selection, security and operational comments at their recent meeting and had given further consideration to strategies for reducing risk with regard to hotline appointments and the use of portable data storage devices.

Advice was being sought from appropriate professionals on improvements to the selection process for hotline staff and the possibility of using psychometric testing was being explored. Tink Palmer asked to be involved in the discussions on possible improvements to staff selection for the hotline.

ACTION B9: Tink Palmer to be consulted on developments

Board noted that recommendation 15 on social networking sites appeared to be outside the remit of the inspection team. Board concluded that the summary of IWF responses and actions should include all recommendations from the inspection team.

Following further discussion Board resolved to:

- Write to the Home Office Minister informing him that the inspection had taken place;
- Write to all members including a summary of all the recommendations and the IWF responses; and
- Provide the full report to members on request with appropriate caveats added.

Board considered the frequency at which inspections should take place and concluded that a three-year cycle was appropriate. The executive was asked to bring to Board an outline terms of reference for the next inspection six months prior to the scheduled date of March 2011.

Action B10: Executive to bring a paper to Board in September 2010 outlining inspection plans

Committee matters – items 6, 7 and 8:

6 Audit Committee – Hamish MacLeod, Chair:

Financial year – 2007/8

a) IWF Consolidated Accounts

Board noted the following text changes:

Page 1:

- Distinguish between industry and non-industry trustees;
- Replace ‘resigned’ with ‘ceased to be a trustee’;
- Start the penultimate sentence on the page with the words, ‘In the present year’.

Page 4:

- Add a comma in line 4.

Page 5:

- Line 1 should read, ‘the Board of Trustees has approved’.

Subject to the above text changes the accounts were approved unanimously.

b) Schedule of charitable expenditure

Noted.

c) IWL Accounts

Noted.

d) Management letter

Board noted that there were no matters for attention.

Current financial year - 2008/9 – financial reports:

e) Group management accounts (P & L) and balance sheet

Hamish pointed out that the financial reports covered two months of the new financial year and showed no significant variances. They were noted by Board.

Audit policy matters:

f) Revised Investment Policy

Hamish introduced the revised policy explaining the background. He pointed out that he wanted to make some relatively minor text changes but wished to gain Board approval for the principles set out in the policy.

Following further discussion, Board concluded that they did not want to make any deposits in offshore or overseas accounts and all deposits should be made in FSA regulated

accounts. Subject to the addition with regard to overseas investments and FSA regulated accounts, the principles set out in the policy were supported unanimously.

ACTION B11: Text updates to the policy

g) Risk issues

Hamish reported that there had been no significant new risks identified and no significant change in risk categorisation. He asked Board to note that the Audit committee was working closely with the executive in addressing the issues raised in the hotline audit report.

7 Remuneration Sub-committee

a) A mechanism for remunerating Directors and Trustees

Chair of Remuneration Sub-committee, Suzy Walton had to give apologies for this meeting and Board Chair introduced the item and explained why the decision had been taken to suspend all attendance allowance payments. Secretariat explained the background to the paper and the recommendations and asked Board to note that legal advice had been taken on a number of aspects and that the solicitor had read and approved the final Board paper. Board expressed disappointment that the Charity Commission's view did not recognise the unique role of IWF as a charity and a regulator and felt that this contradicted the need to ensure highly skilled trustees from diverse backgrounds. Following further discussion Board agreed the following amendments:

- Recommendation 3.1.7 should read: 'Without prejudice to existing arrangements and with the prior agreement of the Board Executive Committee, trustees of IWF can be paid for services actually rendered which are over and above those expected of trustees and such payments will be reported to Board'
- That annex 2 to the proposals should form part of the policy statement on this matter and should be amended based upon the actual approved daily attendance allowance for IWF trustees.

Subject to the above changes Board unanimously approved the recommendations in the paper.

Under the principles previously approved by Board, the industry Vice-chair, Emma Ascroft, the non-industry Vice-chair Ian Walden and two other non-industry Trustees are to be appointed as directors of Internet Watch Limited (IWL). Chair proposed that Naomi Cohen, Chair of Communications Committee and Suzy Walton, Chair of the Remuneration Sub-committee, be appointed as directors of Internet Watch Limited.

The additional director appointments to IWL were approved unanimously.

Board concluded that it was important to note that due to misunderstandings the permitted payments to trustees allowed in the IWF Memorandum of Association had been exceeded and that Board had now taken action to address this matter.

Chair proposed that the industry Vice-chair should oversee the payment of Trustee and Director expenses and attendance allowances.

8 Communications Committee – Naomi Cohen, Chair:

a) Press cuttings

Board asked that they receive the hard-copy press cuttings in advance of the meeting. The cuttings were noted.

b) Public Affairs proposals 2008/9

c) Public Relations proposals 2008/9

Naomi introduced the two proposals and explained that they had been examined in detail and were being recommended to the Board for adoption. Following some minor points of clarification Board supported the two proposals unanimously.

ACTION B12: Director of Communications to forward the PI reports to all Board members.

9 Governance:

a) Revised IWF Articles of Association

Secretariat explained that the draft revised Articles had been circulated to Board members in May and as a result some further amendments had been made to the draft for approval. Board proposed the following additional changes:

- In paragraph 1.2, a definition of the word ‘poll’ be added;
- In 27.2, the wording is changed to ‘automatically cease to be a non-industry trustee’;
- In 27.6, the following words be added, ‘unless permission is given to stay’;
- 35.1, change to, ‘remove a treasurer and any other officers’ [and check whether IWF needs to refer to a treasurer].

Subject to the above changes Board approved the Articles.

Secretariat confirmed that the revised Articles would now go to the company general meeting in September as a special resolution for adoption.

10 Online content – policy matters:

a) Extreme Pornography - Feedback from meetings with Justice Department

Chief Executive outlined the position. Industry Board members pointed out that there were no plans to block EP sites and asked that reference to blocking in the briefing paper should be removed. The paper was noted.

b) CAIC – self-certification:

Working Group –update

Mark Gracey, working group Chair, asked Board to note that a final paper had been prepared and circulated to industry colleagues. Some queries had been raised and in order to resolve the issues they would be the subject of a teleconference. The final version of the process would be presented to Board at the September meeting.

Board noted that the introduction of the process would need to be accompanied by a system of sanctions and remedies. Following further discussion, Board proposed that the development work for the remedial process be carried out in-house and Stephen Locke, Ian Walden and Amanda Jordan agreed to provide consultancy support to the project. Mark Gracey asked that industry colleagues be kept informed and have a general input through the working group.

c) Ofcom - co and self regulatory consultation – IWF response

The response was noted.

d) Incitement to racial hatred – update

The update was noted.

11 Membership update

The membership applications by Jagex, Netclean and Sentry Software were approved. Industry Board members asked for fuller company information to accompany membership applications particularly when they are forwarded to Funding Council. Board agreed that this should be part of the membership review paper which would come to the September Board meeting.

ACTION B13: As part of the membership review paper, see action B6, guidelines are set out on company information in order to brief Funding Council members.

12 Chair and CEO matters:

a) Chair's report

Noted.

b) Chief Executive's report

Noted.

13 AOB

- Naomi Cohen briefed Board on a very successful joint communications meeting with colleagues from industry;
- Naomi Cohen expressed concern that IWF did not have a delegation schedule which set out financial limits for the executive. Chief Executive pointed out that all forecast expenditure was shown in a detailed budget breakdown and all significant variances were reported in the group management accounts to Audit Committee and by the Chair of the Audit Committee to Board;
- Ian Walden expressed concern that today's Board meeting had not allowed much time for discussions directly related to online content and policy matters;

Chair noted the last two points and asked Board to accept that it was important to resolve the administrative matters on today's Board agenda. As an evolving organisation it was necessary to continue to ensure the decision making and governance structure was robust.

14 Board dates for: 2008: all Tuesdays, start time usually 10.30 am:

- 23rd Sept (inc. AGM and joint event with Funding Council)
- 25th Nov. (out of London –Edinburgh)

The meeting closed at 12.45 pm.