

## **A letter to all AI members and staff from the International Executive Committee.**

Dear AI members and staff,

Many of you will be aware of some media coverage since 18<sup>th</sup> February 2011 about payments made by Amnesty International at the end of 2009 to the former AI Secretary General, Irene Khan, and the former AI Executive Deputy Secretary General, Kate Gilmore. The reports of these payments, and the fact that many of you learnt about them first from the media rather than from your elected representatives, have understandably caused considerable anger and puzzlement within AI.

I am therefore writing to you on behalf of the International Executive Committee (IEC) to explain fully the reasons behind these payments. In doing so, I want to apologise unreservedly for the considerable upset this decision has caused and for the adverse impact it has had on Amnesty International just at a time when momentous events are taking place in North Africa and the Middle East. In retrospect we should have taken a more proactive approach in warning our leaders around the world about this issue.

We want to explain how this situation arose. So much is in the public domain already and so much has been said in criticism of Amnesty International that we believe that we need to do this now both to demonstrate Amnesty International's commitment to transparency and accountability, and to win back the trust of all those whose support we rely upon. You, our members and staff, need to know and understand why these payments were made.

We hope that in explaining how the payments came about, we will help you to understand the actions of the IEC, and to understand that our intention was and is always to put the interests of AI and its work above all other considerations.

In the middle of 2008, the IEC began to consider whether it would wish to offer Irene Khan a third term as Secretary General, which was due to end on 31 December 2009. The IEC discussed the matter at length and came to the conclusion that, despite Irene's many achievements, it was the right time to have a change of AI leadership. In mid-December 2008, we said to Irene "We recognise the considerable and impressive changes you have achieved, and the strong, decisive leadership you provide. Nonetheless, we believe that it is in the overall interests of AI that no one leader – how ever good they are – stays in office for too long, and that two terms is an appropriate time for any one person to lead AI."

Irene Khan did not agree with this IEC decision and argued strongly to the IEC that we had reached the wrong conclusion.

In December 2008, we were, therefore, faced with three options:

- (a) To change our decision in the light of new information or arguments.** Although we listened carefully to Irene's reasoning, we decided that this would not be right for AI.
- (b) To dismiss Irene Khan from the post of Secretary General.** Under UK employment law any employee who has been in post for a long period (Irene Khan had been in post for seven years by early 2009) has substantial employment rights. In practice, this means that even though an employee is on a "fixed term contract", he or she cannot simply be told to leave at the end of the contract without compensation. The only way to end a period of employment after such a length of time is to issue a dismissal notice (or to make the post redundant, which was never an option because AI must have a Secretary General).
- (c) To reach a confidential agreement with Irene Khan** in which we would agree with her that she would leave at the end of 2009 and in which we would pay compensation for loss of employment and in respect of any employment rights under UK law that might not have been observed.

Following extensive discussions within the IEC, after taking considerable expert advice from lawyers, and after detailed discussions with board members who had dealt with similar situations in other organisations, the IEC chose option (c).

We did this with great reluctance but we believed that option (b), the formal dismissal of Irene Khan, would have done enormous damage to the operations and reputation of AI, and could (in our judgement) have led to substantial legal arguments and financial risks. It could also have damaged the reputation of Irene Khan. It would have made it very difficult indeed for the International Secretariat to function effectively, and it would therefore have had a major adverse effect on the overall work of AI for human rights.

This was not an easy decision for the IEC to take, and it was one that required a lot of soul-searching by all involved, but it was clear to us that it was the “least worst option” available to the IEC, and we continue to believe that it was the right choice at the time.

Throughout this process, the IEC received legal advice from a highly-regarded London law firm, and worked closely with a lawyer with extensive experience in the not-for-profit sector. The nature of the settlement reached with Irene Khan, including the level of compensation, was in line with other organisations in similar circumstances in the UK.

Irene Khan was paid £533,103 by Amnesty International in the year to 31<sup>st</sup> March 2010. The breakdown of this figure is as follows:

Salary, pension and overtime payments for 1 April – 31 December 2009:	£168,731
Backdated salary increase from 1 March 2008 – 31 March 2009:	£58,933
Pension payments, time off in lieu, and other back pay items:	£59,014
Bonuses for 2006 – 2009 (£5,000 per year, unpaid in previous years)	£20,000
Relocation and housing allowances	£34,728
Termination related payment:	£191,697
<b>Total:</b>	<b>£533,103</b>

From this information, it is clear that the substantial majority reflected contractual entitlements, and 36% (equivalent to approximately one year’s salary) was related to the termination of her contract. We were advised that this sort of payment is in line with payments made by other organisations in similar circumstances in the UK, and it does not reflect fault on either side.

Following the agreement for Irene Khan to depart at the end of 31<sup>st</sup> December 2009, the IEC decided in the second half of 2009 that it would be appropriate for Kate Gilmore to depart at the same time. We reached this conclusion because Irene Khan and Kate Gilmore worked together very closely as a team, and the arguments for a change of SG that we presented in December 2008 were also a strong basis for seeking a change of Executive Deputy Secretary General. We therefore asked Irene Khan to negotiate a departure package for Kate Gilmore which would include paying her to the end of her existing contract (31<sup>st</sup> December 2010) and some additional compensation. An agreement in these terms was reached, and Kate Gilmore left AI in mid-December 2009. Payments to Kate Gilmore totalled £325,244, but as with Irene Khan the largest part of this was for contractual salary and pension entitlements. The breakdown of this figure is as follows:

Salary and pension for 1 April - 31 December 2009	£85,982
Holiday and time off in lieu payments	£65,620
Payment of salary and pension 1 January - 31 December 2010 in lieu of notice	£113,987
Termination related payment	£59,655
<b>Total:</b>	<b>£325,244</b>

When we appointed the current SG, we were clear that we were seeking the best candidate globally to act as Secretary General, and that we needed to offer an internationally competitive salary for the post. The IEC researched salaries paid to chief executives in the not-for-profit sector globally, secured external advice and agreed a salary which is benchmarked against equivalent posts in comparable organisations. In order to ensure transparency, and in accordance with normal UK statutory reporting requirements, information on all staff earning over £60,000 per year is published in the annual accounts of AI Ltd. The current SG's salary is £192,800 (with an additional £7,800 housing allowance) per year which is lower than the heads of other major comparable global human rights organisations.

As we hope will be clear from this letter, the IEC's overriding concern throughout has been to minimize harm to AI when making difficult decisions about the employment of our most senior staff. In making such decisions, the IEC had to balance our responsibilities to AI's beneficiaries, to AI's staff, and to AI's members and donors. In an ideal world, these would all be fully aligned, but in practice this is not always the case, and we have therefore had to make some hard choices. I cannot emphasise too strongly that as AI members and volunteers ourselves we know how hard it is to raise funds for AI and we would never sanction the spending of any AI funds without very good reasons.

There has not yet been time for us to absorb all the lessons learnt from the events of recent days, but some points are already clear and several lessons have already been implemented.

- In recruiting and appointing the new SG, we made sure that his contract and terms and conditions were drawn up with expert legal advice, no confidentiality agreement was signed, that his salary was suitably benchmarked against appropriate posts in other organisations, as described above, and there is no salary review for the first two years. We have also established a stronger performance management system for him with clear objectives and reviews. We have already held two review sessions with him, in early September and in early January.
- In future, we will need to be as sensitive to the interests, needs and concerns of AI members as we are to the demands of external media, and we will need to make sure that our internal communications strategies reflect this reality.
- In future, IECs will be able to look back on the movement's reactions to recent events and will almost certainly conclude that it is not appropriate for the IEC to enter into confidential agreements of this nature in future.

We are committed to continuing our programme of increasing the transparency of IEC operations and the strengthening of AI's governance systems. Although much of this concerns sections leaders rather than other members and staff, you should be aware of the following. Last year we changed the structure of AI Ltd (the main legal entity responsible for the operations of the International Secretariat) so that we, the elected representatives of the AI movement, are the directors of AI Ltd. We now regularly invite section chairs from all parts of AI to our quarterly meetings; we have started to engage in dialogue directly with section boards through conference calls; and we report rapidly and fully on

the outcomes of our regular meetings. My writing this letter to you directly on behalf of the IEC is another example of this commitment to transparency.

As your elected board – tasked with leading the AI movement – we have, in collaboration with other AI leaders, made a substantial amount of progress in recent years in helping to shape AI into the sort of organization and movement that the world needs in the 21<sup>st</sup> century. Together with AI's Secretary General Salil Shetty and his senior leadership team at the International Secretariat and the leaders of our sections and structures throughout the world we are now able to build upon this work, leading AI to increase the impact of our work, achieving real change for human rights across the world.

With best wishes,

Peter Pack  
IEC Chair