

## **RULES AND REGULATIONS OF THE BOARD OF GOVERNORS**

### **I. AUTHORITY**

- (1) The Act of Incorporation<sup>1</sup> provides for an executive committee with appropriate executive power.
- (2) The IATA Articles of Association provide for a Board of Governors (“the Board”) to exercise executive committee functions, accountable to a General Meeting, and authorise the Board to adopt its Rules and Regulations.
- (3) Accordingly, the Board adopts the following “Rules and Regulations of the Board of Governors”.

### **II. GENERAL**

- (1) The Board acts on behalf and in the interests of the Association; in this capacity its members represent the Association as a whole.
- (2) The Board acts in close co-operation and co-ordination with the Director General.
- (3) Individual Board members may be consulted on matters affecting particular areas and their good offices may be used in the general interests of the Association.
- (4) The Board gives policy directives and guidance to IATA Industry Committees and to subsidiary bodies, and policy guidance to the IATA Traffic Conferences and to industry settlement plans, as may be required.

### **III. ELECTION — MEMBERSHIP — TERMS OF OFFICE**

- (1) The Board is composed of not more than thirty-one (31) persons elected from among representatives of Active Members, who serve without remuneration.
- (2) If a Board member ceases to be a representative of the airline which he represented at the time of election, or such airline ceases to be an Active Member, his Board membership shall terminate.
- (3) If a Board member fails to attend three (3) consecutive regular Board meetings, his Board membership shall automatically terminate unless he presents to the Board, prior to the third meeting, a statement that failure to attend one or more meetings was due to circumstances considered acceptable to the Board.
- (4) Each Board member shall be elected for a three (3) year term and approximately one third of total Board membership shall be up for election annually.

### **IV. MEETINGS**

- (1) Regular Board meetings shall be held immediately before each Annual General Meeting (AGM) in the locality of the AGM and an additional regular meeting shall be held each year on a date and at a place fixed by the Board.

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<sup>1</sup> An Act to Incorporate the International Air Transport Association, Statutes of Canada, 1945, Chap. 51, and amendments.

- (2) Special meetings of the Board may be held:
- (i) without prior notice –  
during or immediately following the AGM, should the Director General, in consultation with the Chair Committee, determine that circumstances so warrant;
  - (ii) on twenty (20) days notice –
- (a) if four (4) Board members so request, supported by a statement as to the purpose of the special meeting;
- (b) if the Director General, after consulting the Chairman of the Board, so requests.

After consulting the Chairman, the Director General shall circulate the date, time, place and purpose of a special meeting.

(3) At any Board meeting, only members of the Board, the Director General, the Secretary, and such other observers as the Board or the Director General may designate, shall be present.

(4) No Board member may vote by proxy.

(5) The Director General shall prepare the preliminary agenda of any Board meeting for approval by the Chairman with the object of limiting the agenda to matters requiring either:

- (i) decision by the Board;
- (ii) policy guidance to the Director General;
- (iii) policy directive or guidance to an Industry Committee or to a subsidiary body;
- (iv) policy guidance to a Traffic Conference or to an industry settlement plan.

(6) The preliminary agenda, together with the date, time and place of meeting, shall be sent to all Board members by the Secretary at least thirty (30) days prior to a meeting.

(7) The agenda for a special meeting shall set out the specific matters for which the meeting was requested.

(8) Subject to paragraph 5 above, the final agenda shall include any matter suggested by any Board member.

(9) The final agenda, together with supporting documentation, shall be sent to Board members by the Secretary at least twenty-one (21) days before the date of the meeting.

(10) Ten (10) members of the Board shall constitute a quorum at any Board meeting, but decisions of the Board will be valid only when approved by a majority of all Board members. Such approval by members not present at a meeting may be expressed in written or electronic form.

(11) Between meetings, the Board may decide, by mail vote:

- (i) matters which any four (4) Board members have requested be put to a mail vote;
- (ii) matters which in the opinion of the Director General are of such a nature that they can be disposed of by mail vote;

(iii) matters approved at a Board meeting but without a majority of Board members present.

(12) In presenting a matter for mail vote, the Director General shall:

- specify the issue to be decided;
- stipulate the date by which votes should be received.

(13) The Secretary shall inform each Board member of the result of any vote.

(14) A summary of action taken by the Board at each meeting shall be circulated by the Secretary to all Association Members.

## **V. CHAIRMAN OF THE BOARD**

The Chairman-elect shall be elected by the Board from among current Board members. He shall serve for one year on the Chair Committee, following which he automatically assumes the chairmanship of both the Board and the Chair Committee for a period of one year; thereafter he shall serve a further one-year term on the Chair Committee as Past Chairman of the Board. Concurrently, he will serve a three year term as a member of the Strategy and Policy Committee, commencing with the beginning of his term as Chairman-elect of the Board. The Chairman shall preside at meetings of the Board and of the Chair Committee and carry out such other duties and functions as the Board or the Committee may prescribe.

## **VI. OFFICERS OF THE ASSOCIATION**

(1) The Director General

(i) advises and makes recommendations to the Board on matters affecting the air transport industry, including initiatives to be taken and planning required;

(ii) expresses and implements the policies of the Association in conformity with its Mission and Aims, and as decided by the Board in relation to particular matters which may arise from time to time;

(iii) has overall responsibility for the efficient organisation and functioning of the IATA Secretariat, including preparation of the budget and control of all funds. Within the budget, he has authority to engage, and dismiss, Association staff and to determine their duties. Notwithstanding the foregoing:

— appointment and termination with respect to the Corporate Secretary and the Chief Financial Officer shall be subject to approval by the Board;

— rules, regulations and procedures for the issuance of passes for free and reduced air fare transportation for IATA employees are subject to Board approval under Resolution 788;

(iv) provides guidance to the Traffic Conferences to ensure that Board policies are taken into account, and has authority to appoint a Commissioner to exercise jurisdiction over certain matters in accordance with Passenger Agency Conference Resolutions. Any such appointment will be notified to the Board;

(v) acts in conformity with administrative responsibilities which may be assigned by a Traffic Conference in connection with programmes established by Conference Resolutions;

(vi) in conformity with Board policy guidance, ensures the financial integrity and efficient management of industry settlement plans.

(2) The Corporate Secretary is appointed by the Board on the recommendation of the Director General. Subject to the supervision and authority of the Director General, he acts as Secretary and records the proceedings of General Meetings and the Board, and carries out such other duties and responsibilities as may be assigned to him.

(3) The Chief Financial Officer is appointed by the Board on the recommendation of the Director General. Subject to the supervision and authority of the Director General, he is responsible for the accounts and financial records of the Association, for the custody and protection of its funds, and carries out such other duties and responsibilities as may be assigned to him.

## **VII. OTHER COMMITTEES**

### Committees of the Board

(1) The Board has established the following Committees of the Board:

- the Chair Committee;
- the Audit Committee;
- the Strategy and Policy Committee.

(2) Subject to these Rules and Regulations and the Rules adopted by the Board in relation to the individual Committees, each Committee may adopt its own rules of procedure.

### Industry Committees

(3) Subject to the approval of the Board, the Director General may establish Industry Committees.

(4) The following Industry Committees have been approved by the Board:

- (i) Cargo;
- (ii) Financial;
- (iii) Industry Affairs;
- (iv) Operations;
- (v) Environment; and
- (vi) Legal.

(5) The Rules and Regulations, and the Mandates of Industry Committees shall be established by the Director General, subject to approval by the Board.

(6) Members of the Industry Committees shall be appointed by the Director General on the basis of Members' nominations. Prior to each AGM, the Corporate Secretary shall request nominations to fill the vacancies and prescribe the date up to which nominations will be accepted.

(7) The Director General shall make the appointments to Industry Committees taking into consideration industry expertise, potential contribution to the Committee's work, regional representation as well as the views of the Industry Committee concerned. The appointments are subject to approval by the Board.

#### Working Groups and ad hoc Task Forces

(8) Working Groups and ad hoc Task Forces may be established by the Director General, or by Industry Committees subject to the approval of the Director General.

### **VIII. IATA INTEREST GROUPS**

(1) On the recommendation of the Director General the Board:

- (i) approves the guidelines for activities of interest groups; and
- (ii) confirms the establishment, or dissolution, of any IATA interest group.

(2) The Director General:

- (i) monitors the activities of any interest group and ensures that it conducts its affairs in accordance with the guidelines; and
- (ii) reports annually to the Board on interest group activities.

### **IX. THE CLEARING HOUSE**

As provided in the IATA Clearing House (ICH) Regulations, certain Regulations may be abolished by the Board, while others may be amended or abolished by the Director General, subject to prior consultation with the Financial Committee. The Director General, in consultation with the Financial Committee on policy issues, shall supervise the Clearing House. 2

### **X. APPROVAL OF MEMBERSHIP IN THE ASSOCIATION**

(1) The Board shall prescribe the form and content of the application for IATA membership.

(2) Subject to confirmation by the Corporate Secretary that the application is in order, it shall be considered expeditiously by the Board.

(3) Upon payment of all applicable fees and dues and approval by the Board, membership shall be effective.

(4) If the application is rejected by the Board, the Director General shall advise the applicant of its right to appeal as provided for in the Articles of Association, the date and place of the next General Meeting and the procedures for pursuing an appeal to the General Meeting.

### **XI. MEMBERSHIP DUES**

(1) The Board, through the Director General, may require Members to submit such reports and data as may be necessary to calculate the dues for the next year.

(2) Subject to approval of the AGM, the Board shall determine the dues to be paid by each Member and the currency or currencies of payment.

(3) The rate of interest on arrears of dues shall be the prime rate in New York plus 1% per annum in the case of amounts owing in United States dollars; and the overdraft rate for unsecured loans as established by the Agreement of the Group of the Credit Societies of Geneva plus 1% per annum in the case of amounts owing in Swiss Francs.

(4) If a Member is unable to obtain the currency in which its dues, or any other financial obligations, are payable and this is established to the satisfaction of the Director General, the Director General is authorised to accept payment in any other currency acceptable to him, provided that this is in conformity with any applicable exchange control laws.

## **XII. BUDGET**

The Director General shall submit a proposed annual budget to the Board.

## **XIII. PROVISIONS FOR THE CONDUCT OF THE IATA TRAFFIC CONFERENCES**

The Provisions for the Conduct of the IATA Traffic Conferences may be amended by the Board. Nevertheless, the Board shall first obtain the approval of the AGM before making any amendment to Sections VIII and IX of said Provisions, the effect of which would be to alter the requirement for a unanimous vote of all the voting members of a Traffic Conference.

## **XIV. GENERAL MEETINGS**

(1) On the recommendation of the Director General, the Board shall determine the agenda of and programme for the AGM, and may at any time propose items for consideration.

(2) The Board shall submit to the AGM a report of its activities since the last AGM, designed to inform Members of important subjects and significant items, including those considered by the Industry Committees during the preceding year.

(3) The Director General shall immediately bring to the attention of the Board any request for a special General Meeting and shall make recommendations as to date, time, place, and agenda.

## **XV. AMENDMENTS OF THE RULES AND REGULATIONS**

The Board may from time to time amend these Rules and Regulations provided that the Secretary has circulated any proposed amendment together with an explanatory paper to all Board members at least twenty one (21) days prior to the meeting which will consider the amendment.

## COMMITTEES OF THE BOARD OF GOVERNORS

### I — CHAIR COMMITTEE

#### 1. Basic Function

The Chair Committee acts on behalf of and is accountable to the Board of Governors (“the Board”) with respect to the duties and authority delegated to it by the Board. It is responsible for overseeing financial performance and governance of the Association.

#### 2. Duties and Responsibilities

(1) to monitor the performance of IATA and provide administrative guidance to the Director General;

(2) to recommend to the Board the annual budget and the Membership Dues Assessment Formula;

(3) to recommend to the Board arrangements regarding payment of IATA Members’ outstanding financial obligations;

(4) to approve non-budget expenditures up to amounts authorised by the Board;

(5) to monitor the overall financial performance of IATA;

(6) on the advice of the Director General, to recommend to the Board compensation policies, appointment of the Chief Financial Officer and the Corporate Secretary, and pension management and funding;

(7) to monitor the performance of the Director General and to recommend to the Board changes in remuneration;

(8) to recommend to the Board the agenda for the Annual General Meeting;

(9) to make recommendations to the Board with respect to appointments to Board Committees;

(10) to monitor the effectiveness of the governance practices of the Association and make recommendations to the Board;

(11) to carry out any other duties that may be referred to it from time to time by the Board.

#### 3. Membership

(1) The Chair Committee consists of four (4) members of the Board: the Chairman, the Chairman-elect; the past Chairman and the Chairman of the Strategy and Policy Committee (SPC). Should a member no longer be eligible or able to serve on the Board, the Board shall fill the vacancy from amongst its members.

(2) The Chairman of the Board shall act as Chairman.

#### 4. Meetings

The Chair Committee is available, on call, for consultation with the Director General either by means of a meeting or through teleconference, video conference or other electronic means. It normally meets twice a year in conjunction with meetings of the SPC including one meeting on a date appropriate to preparation of the budget and to facilitate review and approval of financial statements.

#### 5. Quorum and Majority

- (1) Two (2) members shall constitute a quorum at any meeting.
- (2) Decisions taken at a meeting will be deemed valid only if approved by a majority of the members present at such meeting;
- (3) Decisions taken by mail vote will be deemed valid if approved by a majority of the Committee.

## II — AUDIT COMMITTEE

#### 1. Basic Function and Membership

The Audit Committee of the Board of Governors is responsible for reviewing the financial reporting process, the system of internal control and management of financial risks, the audit process and the process of monitoring compliance with laws and regulations. Membership is comprised of the members of the Chair Committee plus one other member of the Board who shall act as Chairman of the Committee and shall be appointed for a three year term.

#### 2. Duties and Responsibilities

- (1) to recommend to the Board the appointment of the external auditors;
- (2) to review the financial statements with the external auditors and recommend their approval by the Board;
- (3) to review from time to time the adequacy of key financial and accounting policies and to recommend changes to the Board as and when required;
- (4) to monitor the commercial risks of IATA operations and to provide guidance to the Director General as and when required;
- (5) to review potential conflicts of interest arising from non-audit services provided by the external auditor;
- (6) to ensure that all potential material claims against the Association, or any litigation in which the Association is involved have been properly evaluated and accounted for;
- (7) to review with management the effectiveness of internal controls;
- (8) to review significant findings and recommendations of the internal auditor;
- (9) to deal with reports of material violations or breaches of fiduciary duties;
- (10) to deal with any differences between the management of the Association and the external auditors;

(11) to report to the Board on a regular basis and make such recommendations with respect to the above and other matters as the Committee may deem appropriate.

### 3. Meetings

The Audit Committee shall meet not less than once a year, in conjunction with a Chair Committee meeting.

### 4. Quorum and Majority

(1) Three (3) members shall constitute a quorum at any meeting;

(2) Decisions at a meeting will be deemed valid only if approved by a majority of the members present at such meeting;

(3) Decisions taken by mail vote will be deemed valid if approved by a majority of the Committee.

## **III — STRATEGY AND POLICY COMMITTEE**

### 1. Basic Function

The Strategy and Policy Committee (SPC) acts on behalf of the Board of Governors (“the Board”) with respect to the duties and authority delegated to it by the Board. Subject to review and approval by the Board, it has overall responsibility for industry policy and for providing policy directives and guidance to the Industry Committees and subsidiary bodies, and policy guidance to the IATA Traffic Conferences and to industry settlement plans.

### 2. Duties and Responsibilities

(1) to establish overall industry policy guidelines and approve industry policies brought forward by the Industry Committees and subsidiary bodies;

(2) to develop the long-term strategy for the Association and ensure that the Industry Committees are appropriately tasked to implement the strategy;

(3) to set the mandates and monitor the performance of the Industry Committees.

### 3. Membership

(1) The Strategy and Policy Committee consists of a maximum of eleven (11) members to be appointed by the Board and will include the Chairman, the Chairman–elect and the past Chairman of the Board.

(2) Appointment to the Committee shall be for a period of from one (1) to three (3) years and based on industry expertise, taking into account the need for appropriate geographic representation.

(3) The Chairman shall be elected from among the Committee members and the Director General shall appoint a member of the IATA Secretariat to act as Secretary.

4. Meetings

The Strategy and Policy Committee will normally meet twice a year in conjunction with Chair Committee meetings. The Committee may meet through teleconference, videoconference or other electronic means.

5. Quorum and Majority

- (1) Six (6) members shall constitute a quorum at any meeting.
- (2) Decisions of the Committee will be valid only if approved by a majority of its members.