

.au Domain Administration Limited
ACN 079 009 340 (Company)

Minutes of the Board of Directors held on Monday 19 August 2019
at Level 17, 1 Collins Street, Melbourne, Victoria 3000, scheduled at 10.00am

<u>Directors Participating:</u>	Suzanne Ewart (SE)	Independent Chair
	Erhan Karabardak (EK)	Director (<i>attendance by phone</i>)
	James Deck (JD)	Director
	Sandra Hook (SH)	Independent Director (<i>arrived at 10.44am</i>)
	Grant Wiltshire (GW)	Director
	Holly Raiche (HR)	Director
	Joseph Manariti (JM)	Director
	Nigel Phair (NP)	Director
	Damian Smith (DS)	Director
<u>Company Secretary</u>	Sonia Joksimovic	
<u>In attendance:</u>	Dr Bruce Tonkin	Chief Operating Officer
	James Shady	Chief Financial Officer
<u>Invitee:</u>	Vicki Middleton (VM)	DoCA Representative (Board Observer – <i>part attendance from 12.30pm to 2.32pm</i>)
	Alister Paterson	Head of Government Affairs (<i>part attendance</i>)
	Andrew Maiden	Interim HoSE (<i>part attendance</i>)
<u>Apologies:</u>	Nil	

Item 1 – Meeting Open

The Chair welcomed all present, noted a quorum and declared the meeting duly convened and constituted at 10.01am.

The Chair noted Erhan Karabardak was participating in the meeting by phone and foreshadowed Sandra Hook has advised she would be arriving at ~10.30am due to a prior commitment.

The Chair further noted a re-prioritisation of the agenda to that tabled, to facilitate the attendance of DoCA representative, Vicki Middleton, who is expected to attend the meeting at ~12noon due to prior commitments, which was noted and **agreed**.

It was further noted that as a result of an employment department change; Vicki Middleton would replace Richard Bullock and become the Company's new Board observer.

Item 2 – Declaration of Interests
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Item 2.1- Directors' Standing Notice

The standing Disclosure of Interest Register was noted and taken as read.

The Directors and Management advised there was no further disclosure to declare, which was noted.

Item 3 – Approval of minutes from previous meeting

The Minutes from the previous Board meeting, were tabled and taken as read.

RESOLUTION The Board **RESOLVED** to confirm the minutes of the Board meeting held 22 July 2019, subject to amendments discussed and agreed.

The Board **RESOLVED** to confirm the minutes for the Special Purpose Board meetings held 24 July 2019 and 30 July 2019.

It was **agreed** that proposed Board Minute redactions would be included in future Board packs for Directors review and information [**ACTION**].

Item 3.2 – Action Items/Matters arising from the previous meeting

The Chair reviewed the Action Items arising from the previous Board meeting, noting those actions **completed** and open items were included in the Board meeting for discussion, which were discussed.

Item 4 – Operations Report

The Operations Report was tabled and taken as read and the COO was invited to update Directors.

The COO noted an update on Strategic Issues; Registry; Technical Operations; Compliance; Stakeholder Engagement; Annual Report & AGM and Corporate Administration as tabled and outlined in the Executive Summary and answered questions from Directors, where relevant.

The Chair provided an update on meeting with DoCA held 8 August 2019, which was discussed.

It was noted a process for documenting the Board’s performance against its Board Charter, and compliance with the DoCA recommendations is required to be assessed at the next Board meeting, for inclusion in the FY19 Annual Report and would be discussed further under the Governance Committee update.

[REDACTED]

*The Chair noted the meeting will return to agenda items 5 and 6 once VM had joined the meeting.
The Chair moved to agenda 7.*

Item 7 – Finance Update

7.1 Finance Report June 2019

The Finance Report for June 2019 was tabled and taken as read and the CFO was invited to update Directors.

The Directors noted the Management Report titled “.au Domain Administration Limited 16 July 2019 prepared by James Shady”, as included in the Board papers.

The Directors noted *expenditure over \$50K* as included in the papers, which was discussed and noted typographical correction required for the 1 July 2018 to 30 June 2019 for reporting period [**ACTION**].

7.2 Investment Strategy Workshop

The Investment Strategy Workshop Report was tabled and taken as read.

It was noted Credit Suisse are attending auDA onsite for a workshop to discuss auDA’s risk appetite and investment policy with Directors on 20 August 2019 for both auDA and the auDA Foundation.

7.3 Tier 1 Reporting

The Tier 1 Reporting Report was tabled and taken as read.

The CFO referenced a report from the Company's auditors, KPMG, which was tabled as read.



The Board **RESOLVED** to support the Tier 1 Reporting, as tabled and recommended.

It was noted KPMG fees for the adoption of the Tier 1 Reporting is to be provided to Directors for their review and information [**ACTION**].

7.4 Marketing Funds and Resellers

The Marketing Funds and Resellers was tabled and taken as read.

The CFO noted in alignment with the previous meeting, the Directors discussed Marketing funds and different types of resellers that interact with auDA and the tabled report had been prepared in response to this discussion.

The Board discussed robustly auDA's consideration for stakeholder engagement with consideration of how main registrars then support resellers.

It was noted that new Directors to the Board should consider the strategic benefit of stakeholder engagement with resellers and consider in future, deeper engagement with them. [**ACTION**].

The Board **RESOLVED** that resellers are not able to directly apply to auDA for funds from the .au Co-marketing Innovation Fund, as tabled.

It was noted auDA will update its Company website, in alignment with the resolution approved, to manage expectations of resellers [**ACTION**].

The CFO, COO and CoSec left the meeting @ 11.46am.

Item 8 – Committee Update

8.1 Nomination Committee Update: 10 July 2019 and 23 July 2019

The Nomination Committee Meeting from 10 July 2019 and 23 July 2019 were tabled and taken as read.

It was noted the Nomination Committee are arranging interviews for Chair and Director positions on 27–28 August 2019 and 2-3 September 2019.

8.1.1 Ballot Process for Election of Directors

The Ballot Process for election of Directors paper, which was tabled at the 15 August 2019 Nomination Committee members, was noted and taken as read.

The recommendation of candidates for elected directors will be screened and recommended by the Nomination Committee in the next few weeks, noting that an electronic ballot will commence in the later period of October 2019.

8.1.2 Proposed Nomination Committee Meeting Calendar

The proposed Nomination Committee meeting calendar, which was tabled at the 15 August 2019 Nomination Committee members, was noted and taken as read.

It was noted that following interviews and recommendations to be made to the Board regarding the Directors (elected and independent) and Chair, the frequency and associated cost of Nomination Committee should greatly diminish.

The Chair adjourned the meeting for a lunch break at 12.21pm.

The COO, CFO, Company Secretary and Head of Government Affairs was invited back into the meeting at this time.

Vicki Middleton joined the meeting (by phone) at 12.30pm.

The Chair reverted to items 5 and 6 as scheduled.

Item 5 – .au Project

Item 5.1 Project Report, including action plan

The Project report, including action plan was tabled and taken as read.

The COO was invited to update Directors on the progress of the implementation of .au Licencing Rules post its “in principal” approval at the Company’s 17 June 2019 Board meeting.

The Board noted that auDA had identified the need for additional public consultation, together with further work in relation to the Public Interest Test and the removal of the close and substantial connection rule of the .com.au and net.au name spaces as highlighted in DoCA’s correspondence.

It was noted consultation will extend into the period when the new Board and new CEO are appointed and it was agreed that adequate time needs to be allowed to enable the new Board and CEO to understand the new licencing rules, and approve the implementation plan, before auDA commences the new .au Licencing Rules and the introduction of second level registrations in .au, noting DoCA have advised they fully support this approach.

The Directors noted that auDA Management recommends running an additional 12-week period of intensive public consultation commencing in September 2019, with a particular focus on educating the community on the changes to the existing licencing rules for com.au and net.au, the new registrar rules, and explaining how the priority allocation process for .au names will work in practice.

It was noted that some registrars have also provided feedback to auDA Management that they would need time to adjust their business processes to accommodate the new Licencing Rules – including the need to validate the details of natural persons applying for a .au domain name, and also the need to validate the eligibility of registrants at the time of renewal.

As a result of the combined feedback from registrants and DoCA, auDA Management has reconsidered its approach to the roll-out of Licencing Rule changes.

The Directors noted auDA Management is now recommending that the target date for launch be moved from Quarter 4 2019 to Quarter 2, 2020 (April – June 2020) to allow time for educating the broader internet community, refining the technical consultation with Government agencies and other affected stakeholders, and time to brief the new Board and new CEO and seek their approval for the Implementation Plan.

Following the discussion concerning the public interest test, where EK expressed support for law enforcement and security agencies to have additional powers to protect the Australian community from fraudsters, criminals, and terrorists, EK made the following observations:

- EK expressed his concerns that (a) .au faced significant threats from other extensions such as .com and .co; (b) .au had suffered a trend in the reduction of new creates; and (c) red tape was having a direct impact on .au registrations as was evidenced by high cart abandonment experienced by Registrars; and (d) the

abolition of the close and substantial connection requirements would have a positive impact on the .au name space making it easier to register .au domains by getting rid of red tape.

- EK expressed the view that the letter from DOCA dated 5 August 2019 was factually incorrect in many aspects and that it was misleading as a consequence – and that the threats made by DOCA were unjustified.
- EK moved a resolution that the current timetable should be maintained and that new licensing rules ought to be implemented on 1 October 2019 without the public interest test (which government agencies had expressed a desire to discuss further).

The Directors noted correspondence received from DoCA dated 5 August 2019 regarding proposed new .au domain Licensing Rules, which was discussed.

The Board noted DoCA's feedback on the coordinated consultation on the Licensing Rules which included highlighted shortcomings in auDA's consultation process, which was also discussed.

The Board further noted DoCA's support of the implementation of Licensing Rules following comprehensive consultation and agree any changes to achieve general consensus.

The Board discussed in length the alleged inadequacies of feedback to date and discussed risk mitigation if not LIVE by 1 October 2019 and requested to understand market expectations on timing.

VM was invited to update Directors on a meeting to be arranged by DoCA to discuss issues in respect of the Licensing Rules ahead of further public consultation.

It was noted the purpose of discussions and consultation with selected stakeholders, including Government security agencies was designed to understand their concerns and improve the language in the policy to avoid ambiguity.

In addition, this could serve to improve auDA's relationship with a number of agencies across the Australian Government.

The Board **RESOLVED** to approve to commence a further consultation process for a further 12-week timeframe to meet the public consultation requirement and provide assurance/satisfaction to all stakeholders including DoCA that a robust consultation process has taken place. This will assist in ensuring that all stakeholders have been given the opportunity to review and respond to the proposed changes, incorporating all feedback to manage expectations and improve transparency in policy development.

It was **agreed** Direct Registration and Implementation of Licencing Policy Rules (excl. public interest test) to now go LIVE 2nd Half, 2020 [**ACTION**].

The Board **agreed** that retaining endorsement of DoCA, is imperative and in the best interests of the Company and broader recognition of the Company's reputation. It was noted that the target time change is regrettable, given the comprehensive discussions and consultations to date on the Licensing Rules with Richard Bullock as Government Representative. It was noted that Richard had first raised concerns in April 2019 however correspondence was only received regarding these concerns from DoCA on 5th August 2019 and auDA was still waiting for a promised workshop to be arranged by DoCA to materialise.

It was noted DoCA is committed to the adoption of .au following further consultation, as discussed.

Chair adjourned the meeting for a short break at 2.14pm and resumed the meeting @ 2.22pm and the Chair moved to agenda 5.2

5.2 DoCA Letter & Draft response from auDA

The DoCA Letter dated 5 August 2019 and auDA's draft response dated 19 August 2019, was tabled and taken as read.

It was **agreed** to finalise and send the letter of 19 August 2019 in reply to DoCA's correspondence as tabled, and publish in concert with DoCA's 5 August 2019 correspondence on the Company's website [**ACTION**].

It was noted auDA is to coordinate dates in the next fortnight, for the proposed workshop dates to ensure comprehensive dialogue with key stakeholders [**ACTION**].

EK expressed the position that because of the position he took in agenda item 5.1 he could not support auDA's draft response to DOCA, which was endorsed by GW and noted by the Board.

The Chair noted this agenda was also discussed in concert with agenda 5.1 – "Project Report including action plan".

Item 6 – DoCA Update (standing agenda item)

The Chair invited the Board Observer, Vicki Middleton, to provide an update.

VM noted that the engagement with Suzanne Ewart, since being appointed Chair, has been invaluable.

It was noted a Nomination Committee meeting is scheduled for 20 August 2019 to commence shortlisting of candidates responding to the recent EOI's received to date for the Chair and Independent Directors position.

It was noted VM will work with the auDA Chair to undertake the quarterly review/milestone checkpoint for KPI reporting purposes.

VM left the meeting at 2.32pm and the Chair moved to agenda item 5.3

5.3 .edu.au and EDAC

The Board noted the .edu .au and eDAC Report, which was taken as read.

The Board **RESOLVED** to approve:

- (1) *edu.au Domain Administration Committee* (eDAC) being an advisory committee to the auDA Board;
- (2) consultation with eDAC on developing Terms of Reference;
- (3) public consultation on Scheduled 1: edu.au eligibility and allocation rules;
- (4) request eDAC to undertake a review of the monopoly model for domain name registration in the edu.au namespace and child zone.

It was **agreed** Management are to investigate the changes in the edu.au criteria for Directors information [**ACTION**].

The Chair moved to agenda item 8.2.

8.2 Security & Risk Committee Update

The Directors noted the minutes from the 5 August 2019 Security & Risk Committee meeting.

The Chair noted this agenda was discussed previously and in concert with agenda 4 “Operations Report” (i.e. Red Team Penetration Testing and ISO27001).

The Chair moved to agenda 8.5

8.5 CEO Recruitment

The CEO Recruitment Report was tabled and taken as read.

The Chair invited the Governance Committee Chair to update Directors and the Board **RESOLVED** to adopt it as a process, as tabled and recommended by the Governance Committee for the appointment of a new CEO, noting work is to commence immediately to meet required timeframe.

It was **agreed** to update the CEO description with Board Chair input to be prepared and the search process to commence for a ‘long list’ to be made available by November 2019 for the new Board to continue the recruitment process and appointment [**ACTION**].

8.3 Governance Committee Update

The Directors noted the minutes from the 15 July 2019 and 6 August 2019 Governance Committee meetings.

The Chair noted the performance review required as part of the Government’s recommendations, of the auDA Board against its Board Charter, as previously discussed in the meeting.

It was **agreed** the Board will undertake a facilitated discussion at the September 2019 Board meeting to review its performance against the Board Charter to be included in the FY19 Annual Report [**ACTION**].

It was noted consultant Phil Khoury is unable to assist, due to engagement with Nomination Committee.

Due to conflict with the next items for discussion, the Chair handed the Chair position to Sandra Hook and left the meeting @ 2.47pm. The COO and CFO also left the meeting at this time.

Item 8.4 – Governance Committee Recommendation

The Chair invited the Governance Committee Chair to update Directors.

8.4.1 Proposed Executive Chair Remuneration

The Directors noted the proposed Executive Chair Remuneration, which was taken as read.

It was noted the Chair had not received a copy of the report.

The Board discussed the process that the Governance Committee undertook to determine an appropriate remuneration, which was noted.



8.4.2 Proposed Executive Chair Accountabilities Framework

The Directors noted the proposed Executive Chair Accountabilities’ Framework which was taken as read.

It was noted the Chair had not received a copy of this report, however was involved in the development of the Framework, with the fellow director and Governance Committee member, Grant Wiltshire and to manage

expectations during her tenure as Executive Chair in concert with observations of work to be completed in this period.

It was **agreed** that 16 November 2019 cessation date would be included in the Accountabilities Framework for the Executive Chair position [**ACTION**].

It was **further agreed** that the Nomination Committee is to be informed that Suzanne Ewart does not intend to hold the Executive Chair position beyond 16 November 2019 [**ACTION**].

SE returned to the meeting @ 3.01pm and CoSec left the meeting at this time and the meeting reverted to the order as scheduled.

Item 9 – Human Resources

9.1 Staff remuneration and bonus allocation

The Staff Remuneration and Bonus Allocation was tabled and taken as read.

The Directors noted that Management has taken an annual review of remuneration and staff bonuses for Board review and approval, which was discussed.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

The Board **further RESOLVED** to delegate responsibility to both the COO and CFO to issue letters to all approved staff, notifying them of their respective contractual changes (if relevant) and remuneration increases [**ACTION**].

The interim HoSE joined the meeting at 3.38pm

9.2 Stakeholder Engagement Team

The Stakeholder Engagement Team Report was tabled and taken as read.

In particular, it was noted that:

- A search for a permanent Head of Stakeholder Relations work has resumed;
- The function will be restructured to consolidate the group reporting to a head of function;
- Temporary resources will be recruited to support key short-term priorities, including further stakeholder consultation over licensing rule changes, production of the Annual Report and AGM, transition to a new auDA branding and upgraded website; and Registrars Summit.

The interim HoSE left the meeting at 4.13pm

The CFO, COO, CoSec and Head of Government Relations re-joined the meeting at 4.13pm

The Chair reverted to agenda item 5.1.1

5.1.1 Branding Update

The Branding Update Report, was tabled and taken as read.

The COO provided an update on the .au brand development with BWM, noting meeting with representatives is being held each week.

EK left the meeting (by phone) at 4.18pm

Item 10 – Other Business

No other Business was noted.

Item 11 Board Calendar and Next Meeting

It was noted the next Board meeting is scheduled **Monday 16 September 2019 at 10.00am**.

The meeting was closed at 4.26pm.

Signed as a true and correct record.

Dated this day of

Suzanne Ewart
Independent Chair