

.au Domain Administration Limited

ACN 079 009 340 (Company)

Minutes of the Board of Directors held on Monday 16 September 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 at 10.07am</i>)
	James Deck (JD)	Director
	Sandra Hook (SH)	Independent Director (<i>arrived at 10.15am</i>)
	Grant Wiltshire (GW)	Director (<i>attendance by phone at 10.07am</i>)
	Holly Raiche (HR)	Director
	Joseph Manariti (JM)	Director
	Nigel Phair (NP)	Director
	Damian Smith (DS)	Director
<u>Company Secretary</u>	Sonia Joksimovic	(CoSec)
<u>In attendance:</u>	Dr Bruce Tonkin	Chief Operating Officer (COO)
	James Shady	Chief Financial Officer (CFO)
<u>Invitee:</u>	Vicki Middleton (VM)	DoCA Representative (Board Observer – <i>attendance by phone from 10.01am – 12.16pm</i>)
	Andrew Maiden (AM)	Interim HoSE (<i>part attendance from 10.00am – 12.16pm</i>)
	Stephanie Vilijoen (SV)	Manager Compliance & Analytics (<i>part attendance for agenda 9.4.5 only</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 10.00am.

The Chair noted Erhan Karabardak and Grant Wiltshire will be participating in the meeting by phone and foreshadowed Sandra Hook's late arrival, due to a prior commitment.

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

The standing Disclosure of Interest Register was noted and the Directors and Management advised there was no further disclosure to declare, which was also 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 19 August 2019, subject to amendments discussed and agreed.

The Directors noted feedback received from EK and tabled by the Chair and Company Secretary on the draft minutes which were accepted and **approved** the proposed redactions, as tabled for publishing on the company's website.

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 included in the Board meeting for discussion, which were discussed.

EK and GW joined the meeting (by phone).

Item 4 – Operations Report

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

SH arrived and joined the meeting.

The COO provided an update on Strategic Issues; Registry including M&A activity; Technical Operations; Compliance; and International Engagement as tabled and outlined in the Executive Summary and answered questions from Directors, where relevant.

The Chair noted in alignment with a diminishing DNS market (e.g. as a result of uses of other tools such as Facebook and other applications), broader strategic discussion in the future is required to determine auDA's competitive advantage. It was further noted that consideration on how auDA positions itself and its role short, medium and long term to add value for the consumer is required.

The Chair reported 1,170 current membership; growing approximately by 200 members per month.

It was noted by Directors that *Social Media Tracking* (i.e. positive, negative and neutral data) is to be included in future reports for Directors information and assessment [**ACTION**].

It was further noted that 'other' category as detailed in the *Membership By Source* data tabled is to be delineated and described for Directors review and information [**ACTION**].

DS referenced a report to support industry overview and insight as prepared by consulting firm, Dandolo Partners (dated 18 September 2017), which was previously tabled and discussed with Directors, as key document for future consideration with the new Board.

The Directors questioned what percentage of auDA queries are being handled by auDA and third parties, which was discussed. It was noted that under new Licensing Rules, queries will be redirected to Registrars.

NP was invited to provide Directors an update on APTLD Malaysia conference held 5 & 6 September 2019, which he attended, which was noted.

The COO was invited to provide an update on recent travels to Colombia between 10 – 14 September 2019, which the Directors noted and discussed.



VM provided the Directors an update on the DFAT invitation received from the Vice minister of Digital Economy, Ministry of ICT, Columbia on 4 September 2019 via DoCA, for the COO to attend this strategic discussion in Colombia, which was noted.

The Directors discussed auDA's role on a regional versus global perspective, including obligations to respond to future DFAT requests and the responsibility auDA has for use of funds to cover such expense. It was noted the new Board to be made aware of this matter, to manage expectation appropriately in future.

The Chair suggested a policy is to be developed to manage such requests in future, to ensure the associated costs are being managed appropriately for participating in such consultations [**ACTION**].

It was further noted that travel arrangements should also be considered in relation to future requests (i.e. parties seeking auDA's assistance to travel to Australia instead of auDA travelling abroad) which should also factor resources and commitment from Management; consulting day rate, protection of IP creation, legalities and other technical considerations (i.e. commercial value), noting that such considerations would be documented in a Business Case for Board approval.

The Board **RESOLVED** that a Business Case at minimum, as outlined, is the preferred position of current Directors and **agreed** that auDA priorities take precedence for when the next and/or follow up request is received (i.e. expected January 2020) to ensure sufficient resources and time commitment is available to then participate.

The Chair moved to agenda 5.2

5.2 The Consultation Framework

The Consultation Framework tabled and taken as read.

The Chair invited the interim HoSE to update Directors on the public interest test workshops in Canberra (convened by DoCA on 29 August 2019, as tabled) and public consultation on .au Licensing Rules, as a result of the decision made at the Company's 19 August 2019 Board meeting, which was noted.

It was noted the public consultation on .au Licensing Rules has commenced and will conclude November 2019.

The Directors noted the target audiences (i.e. state and federal government and other relevant industry groups, as tabled).

It was noted a staged approach is being applied by auDA, including a purpose built website, to ensure non-expert audiences are also being engaged to build awareness on licencing rules with opportunity for feedback with various workshops to be held in Sydney, Canberra and Melbourne.

The Interim HoSE encouraged Directors to advise, through the Chair, if the target audiences are appropriate and inclusive.

It was noted the outcomes will be made available to the reconstituted auDA Board following the Company's AGM scheduled 14 November 2019, noting that whether further publication and/or consultation being required will be subject to the adoption of the future Board.

The Chair invited VM to provide an update on the new stakeholder engagement approach as tabled, which was commended and discussed.

It was suggested that scheduled workshop dates in each state (as tabled) and key milestones are published on the Company's website to ensure effective consultation with respective parties to then inform participation and decision [**ACTION**].

The Chair reverted to agenda 5.1 and GW left the meeting (by phone)

Item 5 – .au Project

Item 5.1 Registrar Rules for Public Consultation

The Registrar Rules for Public Consultation was tabled and taken as read.

The COO was invited to update Directors on the progress of the implementation of .au Licencing Rules and the detail the registrar rules contain, as tabled, which was discussed.

The Board **RESOLVED** to approve posting the Registrar Rules for public comment, as tabled and recommended by Management, as part of the next round of public consultation.

JD queried whether an Australian citizen living overseas can register a domain name, noting the policy as it current reads: “Any Australian citizen will be able to register a domain name irrespective of where they are domiciled” and it was **agreed** a review of the current drafting of this policy for clarity would be confirmed and amended if required [**ACTION**].

The Chair noted a draft agenda prepared by the Manager of Marketing and Communication for the proposed Registrars Summit scheduled for 10 & 11 October 2019 to address specifically licencing rules and direct registry requires a reframe to ensure meaningful engagement with registrars [**ACTION**], which was supported by EK noting the Chair has confirmed her attendance.

The Chair reverted to agenda 5.3

5.3 Update on Public Interest Meetings held in Canberra and any other Consultations undertaken

The Update on Public Interest Workshops and other meetings facilitated by DoCA [post the 19 August 2019 Board meeting] was tabled and taken as read.

The Board noted the summary of meeting outcomes, and note that the .au Licensing Rules will be updated with the following changes, subject to agencies feedback, before posting for the next round of public comment:

- The re-insertion of the close and substantial connection rule;
- The replacement of the affidavit requirement for an Australian enforcement or intelligence agency to trigger the public interest test, with a requirement for providing an authorized request in a form agreed with auDA;
- Removal of the requirement for the CEO as a role to approve responding to a law enforcement request, and replace with the term auDA as an organization. It was noted actual internal approval processes to be approved by the Board as part of the delegations manual; and
- Re-insertion of the 90 day before expiry renewal requirement, to ensure that the new expiry date for a license is an increment of years past the current expiry date, rather than an increment of years past the date of renewal.

No further question or discussion was noted.

Item 6 – DoCA Update (standing agenda item)

The Chair invited the Board Observer and DoCA representative, Vicki Middleton, to provide an update, noting:

- Department of Home Affairs has released a 2020 Cyber Security Strategy paper, for public comment, available until 1 November 2019) with a series of public forums (Sydney 18/9; Melbourne 24/9; and Canberra 29/9), further noting if auDA is interested in providing a submission, to contact Department of Home Affairs;
- The benefit of round table discussions with key stakeholders, following the 19/8 meeting, to work on the Licensing Rules which was discussed;
- DoCA have welcomed the ongoing stakeholder engagement to date with auDA’s Interim HoSE; and
- Positive observation regarding the amount of effort in Board papers and work to date in the Company’s FY19 Annual Report with review requirements being addressed.

The Chair moved agenda 9.2 forward

9.2 Nomination Committee Update

VM noted 320 EOI (Expression of Interests) for the auDA Director roles had been received from interested applicants with 129 people submitting an application for the nominated candidate roles and 135 received for elected candidate positions.

It was noted Nomination Committee had shortlisted 33 candidates, [who have applied for the Board positions], for interviews, with probity [and reference] checks now progressing on all shorted candidates.

The Directors queried the rationale for 33 checks being undertaken, including the basis of only doing single interviews (not two as noted) being conducted which was discussed.

It was further noted that the Board Directors have not seen or approved the Board Skills Matrix developed by Nomination Committee (noting Chair absent for such discussions) before it was issued to market for the shortlisted 33 candidates to be assessed.

The Directors queried the rationale again and lack of governance from the Nomination Committee recruiting against skills not approved by the Board and contrary to an existing Board Skills Matrix.

It was noted VM would consider how to remedy this governance oversight, in addition with how the assessment has been made as the Nomination Committee can only make recommendation for Board approval but doesn't have any power under its Charter to then make decisions and respond to the Board accordingly **[ACTION]**.

It was noted a report from the Nomination Committee for the Board is pending and VM will discuss offline with the Chair next steps in preparation of auDA's next Board meeting to manage this process, noting representation from Nomination Committee to address the Board's queries will also be coordinated **[ACTION]**.

NP declared an independent meeting [i.e. separate from any representation of the auDA Board], was initiated with the Minister of Communication, Paul Fletcher recently to discuss an update on extreme terrorism online content and respective legislation to ensure compliance, which Directors noted.

VM left the meeting at 12.02pm and Chair moved to 8.1

Item 8 – FY19 Annual Report

8.1 Draft Text Version of FY19 Annual Report

The Draft Text Version of FY19 Annual Report was tabled and taken as read.

The Chair invited the Interim HoSE to update Directors on the further contributions from the tabled (a) draft Annual Report version for Directors review; and (b) the Companion Report (i.e. performance report), which will be made available at the scheduled October 2019 Board meeting outlining the Board's achievements.

The Directors noted their preference to not partition the two (2) documents discussed and **RESOLVED** to approve that the two reporting documents are to be merged to ensure readers of the Annual Report address both reports in concert **[ACTION]**.

The Directors noted that both the Interim HoSE and PwC had recommended that the Companion Report be prepared by *subject matter* and reference *various KPI sources* that align to auDA's strategy.

It was noted that Financial Reports for FY19 will be included in the text version of the FY19 Annual Report, once reviewed and endorsed by Finance & Risk Committee for Board approval.

Directors were encouraged to provide feedback for any improvement through the Company Secretary.

The Interim HoSE provided an update on the stakeholder team and noted a search firm has been engaged to develop a long list of candidates for shortlisting an appropriate permanent replacement with two (2) interviews proposed.

It was noted round 1 Interviews would commence in ten (10) days' time and round 2 interviews will include the Board Chair.

It was noted internal candidates have been encouraged to apply for the Head of Stakeholder Engagement position.

The Directors discussed Plan B, should a favourable candidate have any concerns to accept the position, given the various changes pending at Board level (i.e. new Chair, Directors and pending CEO appointment).

AM left the meeting at 12.16pm and GW re-joined the meeting at this time.

Item 7 – Finance Update

7.1 Finance Report July and August 2019

The Chair tabled two (2) KPMG engagement agreements received by the Company's CFO on 13 September 2019 in relation to the Company's FY19 audit, which the Board noted and **RESOLVED** to approve for the Chair to execute and return [**ACTION**].

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

The Directors noted the YTD costs of Nomination Committee, noting \$316K (excluding recruitment consultant ~\$160K cost) will result in a budget amendment and discussed the extraordinary associated costs to this process following DoCA's government review and recommendations.

JM requested that the CFO update the Moore Stephens Investment Report tabled to include additional detail on the auDA Foundation Funds. [**ACTION**].

It was noted that transition to Credit Suisse (following approval at the 22 July 2019 Board meeting) is to be actioned following the conclusion of some administration requirements as advised by the CFO. It was further noted that in association to this appointment, draft investment policies will be discussed at the next FAC meeting with a recommendation for approval to be brought to the scheduled October

Item 9 – Committee Updates

9.1 Finance & Audit Committee Update

The Finance & Audit Committee Minutes from meeting held 12 August 2019 were noted and taken as read and CFO invited to provide an update to the Directors.



The CFO and COO left the meeting at 12.41pm and the Chair adjourned the meeting for a short lunch.

The meeting reconvened at 1.18pm and EK and GW re-joined the meeting (by phone) at this time

9.2 Nomination Committee Update

The Nomination Committee Minutes from meetings held 7 August 2019, 15 August 2019 and 21 August 2019 were noted and taken as read.

9.3 Governance Committee Update

The Governance Committee Minutes from meeting held 12 August 2019 were noted and taken as read.

9.4.1 FY19 Annual Review of Board Performance Assessment against the Board Charter

The FY19 Annual Review of Board Performance Assessment against the Board Charter, which was tabled and assessed.

The Chair noted the performance review against its Board Charter, required to be reported in the Company's FY19 Annual Report, as part of the Government's recommendations, as foreshadowed at the August Board meeting.

The Board **RESOLVED** to approve the FY19 Board Performance Assessment against its Board Charter, as tabled and endorsed by the Governance Committee.

The Board **further RESOLVED** to approve the publishing of the approved FY19 Board Performance Assessment against its Board Charter in the Company's FY19 Annual Report.

9.4.2 Conflict of Interest Policy

The Conflict of Interest Policy was tabled and taken as read.

The Board **RESOLVED** to approve the adoption of the Conflict of Interest Policy, as tabled and prepared by the Company Secretary and endorsed by the Governance Committee.

9.4.3 Related Party Transaction Policy

The Related Party Transaction Policy was tabled and taken as read.

The Board **RESOLVED** to approve the adoption of the Related Party Transaction Policy, as tabled and prepared by the Company Secretary and endorsed by the Governance Committee.

9.4.4 Code of Conduct Policy

The Code of Conduct Policy was tabled and taken as read.

The Board **RESOLVED** to approve the adoption of the Code of Conduct Policy, with the amendment of the insertion of the word 'ethical' in point 3 of the Guiding principles, as tabled and prepared by the Company Secretary and endorsed by the Governance Committee.

The Chair deferred to agenda 9.4.6

9.4.6 Governance Committee Charter

The Governance Committee Charter was tabled and taken as read.

The Board **RESOLVED** to approve the adoption of the revised Governance Committee Charter, as tabled and prepared by the Company Secretary and endorsed by the Governance Committee.

The Governance Committee Chair thanked the Company Secretary for the work completed with revising the Governance Committee Charter and drafting various policies tabled at the meeting for Board review and approval.

9.5 CEO Search Progress Update

The CEO Search Progress Update was tabled and taken as read.

The Chair invited the Governance Committee Chair to update Directors, which was noted.

The Board **RESOLVED** to adopt the draft CEO Position Description, as endorsed by the Governance Committee and subject to amendments discussed and agreed.

The Board noted the selection criteria matrix developed to score shortlisted recruitment firms and respective proposals received for such assessment.

The Board **RESOLVED** to approve the appointment of Hattonneale as the recommended recruitment firm to undertake a CEO search, as endorsed by the Governance Committee.

The Chair reverted to agenda 9.4.5 and the COO and Manager of Compliance & Analytics joined the meeting at 1.32pm

9.4.5 Privacy Policy

The Updated Privacy Policy Report was tabled and taken as read.

The Board **RESOLVED** to approve, subject to amendments discussed and agreed [as proposed by HR], the posting of the following documents for public consultation:

- Draft [and updated] Privacy Policy;
- Draft Data Breach Response Plan; and
- Explanatory Guide with current privacy policy [for reference purposes]

Other Business from Management

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

The CoSec, COO and Manager of Compliance and Analytics left the meeting at 2.01pm.

*The Chair noted the remaining agenda items were to be **discussed in-camera** with Directors only.*

Item 9 – Human Resources

10.1 Cultural Workshop Update

The Cultural Workshop Update Report and supporting Cultural Roadmap Report dated September 2019 and prepared by consultant Nancy Hromin from Culture Zone, was tabled and discussed in detail.

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 **Friday 18 October 2019 at 9.00am.**

The meeting was closed at 3.55pm.

Signed as a true and correct record.

Dated this day of

Suzanne Ewart
Independent Chair