

.au Domain Administration Limited

ACN 079 009 340 (Company)

Minutes of the Board of Directors held on Friday 18 October 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>part attendance by phone</i>)
	James Deck (JD)	Director
	Sandra Hook (SH)	Independent Director (<i>part attendance by phone from 10.00am; arrived in person at 10.16am</i>)
	Grant Wiltshire (GW)	Director (<i>part attendance by phone @ 2.32pm</i>)
	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 (COO)	Chief Operating Officer (<i>part attendance</i>)
	James Shady (CFO)	Chief Financial Officer (<i>part attendance</i>)
	Caroline Fritsch (CF)	Policy & Strategy Manager (<i>part attendance</i>)
<u>Invitee:</u>	Vicki Middleton (VM)	DoCA Representative (Board Observer – <i>part attendance</i>)
	Andrew Maiden (AM)	Interim HoSE (<i>part attendance</i>)
	Neville Stevens (NS)	Nomination Committee Representative (<i>part attendance</i>)
	David Epstein (DE)	Nomination Committee Representative (<i>part attendance</i>)
	Richard Bean (RB)	Nomination Committee Representative (<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 10.00am.

The Chair noted Erhan Karabardak will be participating by phone and Grant Wiltshire will also participate intermediately in the meeting by phone and foreshadowed Sandra Hook has joined the meeting by the phone as she is in transit and will be attending in person.

The Chair provided an update for Directors information on the following, which was noted:

- The auDA Registrar Summit held 9-11 October 2019 in the Barossa Valley, SA;
- The successful public consultation workshops held to date on direct registration introduction and a range of reforms to existing auDA policies;
- The Company's status update and its progress to achieve the work required in alignment with DoCA's April 2018 reform; and
- The Staff Culture, noting a shift in attitude which was noted and commended by Directors.

The Chair asked for individual feedback from Directors in alignment with the pending Nomination Committee meeting attendance and subsequent candidate recommendations for Board appointments, which was discussed.

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.

Director Sandra Hook advised that she had recently joined a new ASX listed board, Red Hill Education and confirmed there was no conflict.

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 16 September 2019, as a true and correct record.

The Directors approved a revision on the proposed redactions for publishing on the 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 open items were included in the Board meeting for discussion, which were discussed.

The COO, CFO and the Policy & Strategy Manager were invited to join the meeting @ 10.49am

Item 4 – Operations Report

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

The COO provided an update on Strategic Issues; Registry; Technical & Security; Compliance; Stakeholder Engagement, Marketing & Communications and their respective priorities, as tabled and outlined in the Executive Summary and answered questions from Directors, where relevant.

Item 5 – .au Project

The .au Project Report was tabled and taken as read and the COO was invited to update Directors also on items 5.1 Consultation Update and 5.2 Licensing Rules.

It was noted auDA is seeking advice on Trademarks and updated the rules to indicate that an Australian citizen living overseas was eligible to hold a .au licence.

The COO provided an update on the licensing rules, noting three (3) public forums have been held in Sydney, Canberra and Melbourne, which was discussed.

CF provided Directors feedback from workshops held to date and noted there was a need for more explanatory materials for the general public and going forward auDA will need to invest in educating the public on the new rules (i.e. simple FACT sheets).

In addition, the issues of being able to renew domains at any time was discussed, noting that a renewal requires agreeing to new licence terms rather than an extension of the existing licence agreement.

CF left the meeting at 11.07am; VM and AM then joined the meeting at this time.

The Chair invited AM to update Directors on Stakeholder Engagement.

It was noted final interviews are being conducted by AM and the Executive Chair next week for a replacement candidate, noting confidence of professional replacement given the interest and quality candidates.

The Chair moved to agenda item 8.1 FY19 Annual Report and COO left the meeting at 11.14am

Item 8 – FY19 Annual Report/AGM (Part 1)

8.1 FY19 Annual Report (published version for finalisation) and FY19 KPI Reporting Framework

The FY19 Annual Report (published version for finalisation) and FY19 KPI Reporting Framework, was tabled and taken as read.

AM provided an update on the sequence of publishing of Annual Report, Media Release and preparation of the AGM, which was noted.

AM further noted an update on the format of the Annual Report (i.e. traditional approach) along with a performance report to measure process to date against DoCA's April 2018 reform.

The Directors noted two (2) material changes from the previous draft version circulated, which was discussed, further noting feedback for amendment, including revised imagery suggestions from Directors were noted for the Annual Report's improvement [**ACTION**].

The Board thanked AM, the Executive Chair and the wider auDA team on the work involved in the 2019 Annual Report and Performance Report.

RESOLUTION: The Board **RESOLVED** to adopt the FY19 Annual Report, subject to amendments discussed and agreed.

VM joined the meeting (by phone) at 11.07am and AM left the meeting at this time.

Item 6 – DoCA Update (standing agenda item)

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

Quarterly Review Update:

VM advised there has been positive engagement and significant progress and thanked the auDA Directors, noting an update to the Minister will be provided once the 2019 Annual Report is finalised, along with a status update on the Boards performance against its charter, noting the current Board are tracking well at 18 month check point on the reform review.

Licensing Consultation:

VM thanked and congratulated auDA, noting there has been a reduction in the email correspondence to DoCA, confirming the consultation strategy to date, is effective. It was noted separate feedback was received from government representatives attending the Canberra forum, indicated the effectiveness of the workshop held.

Other Business:

It was advised that DoCA will be participating in NetThing on 22 October 2019 and a status on auDA's progress against the reform review will no doubt be raised, noting a similar response that auDA is on track will be shared.

It was noted Directors had no questions or comments.

*VM left the meeting at 11.27am and the Chair moved to agenda item 7
Before progressing with agenda item 7, the Chair requested AM to re-join meeting (by phone) at 11.29am.*

The Board requested an opportunity to prepare a 'highlights package' to be included in the front section of the published Annual Report, which was confirmed to be included [**ACTION**].

AM left the meeting at 11.32am and the Chair moved to agenda item 7.

Item 7 – Finance Update

7.1 Finance Report September 2019

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

The CFO was invited to update Directors where relevant, as included in the Board papers.

The CFO provided an update on YTD budget variations, which were noted.

The Directors were provided an update on various expenses, including travel to date, which was discussed at the FAC meeting held 14 October 2019.

There were no questions or comments noted.

7.2 Draft FY19 Accounts and KPMG Audit Report

The Draft FY19 Accounts and KPMG Audit Report was tabled and taken as read.

The Directors noted the Draft FY19 Accounts had been reviewed by the Company's FAC, prior to Board approval at its 14 October 2019 Board meeting.

It was noted the auDA Foundation Board had also reviewed and approved the draft auDA Foundation FY19 Accounts as an affiliate of auDA (which is included in the consolidated accounts), at its meeting held 18 October 2019 prior to the auDA Board meeting.

The CFO was invited to update Directors, which was noted.

RESOLUTION: The Board **RESOLVED** to approve the draft FY19 Financial Accounts, as audited by KPMG and endorsed by the Company's Finance & Audit Committee.

The Board **further RESOLVED** to delegate to the Executive Chair and auDA Foundation Chair to execute the Directors Report on behalf of auDA Directors for both auDA and auDA Foundation.

The Board provided thanks to the Executive Chair and CFO regarding the going concern matter remedied to avoid a material uncertainty statement from KPMG.

7.3 FY20 Budget Revision

The FY20 Budget Revision was tabled and taken as read.

The CFO was invited to update Directors, noting the FY20 Budget Revisions had also been reviewed by the Company's FAC prior to Board approval at its 14 October 2019 meeting.

It was noted that if the newly appointed Board proceed with .au, there is an allocated marketing fund that has not yet been spent and remains in budget.

It was noted that if however, .au does not proceed, those funds dedicated for that purpose will utilised to promote the .au namespace (.com.au, .net.au, .gov.au, etc) more generally given the increased competition from a variety of (OS) namespace operators; to support the growth of platform plays and to help offset the reduction in revenues to auDA flowing.

Item 8 – FY19 Annual Report/AGM (Part 2)

8.2 2019 AGM Notice of Meeting

The 2019 AGM notice of Meeting was tabled and taken as read.

RESOLUTION: The Board **RESOLVED** to approve the draft 2019 AGM Notice of Meeting, as tabled for respective publication and distribution to governing members.

The Chair provided an update on the process for the AGM and the resolutions tabled, noting General Business included in the Notice will provide an opportunity to introduce new Board members.

The Board noted the proposed AGM resolution (#4) to increase Directors Remuneration, does not apply retrospectively to the current Board.

It was noted a Q&A is to be prepared in advance of the AGM, to ensure consistent messaging [**ACTION**].

Item 9 – Committee Update (Part 1)

9.1 SRC Committee Update

The SRC Committee Chair provided an update on the SRC meeting held 8 October 2019, which was noted.

9.1.1 SRC Charter and SRC Program Calendar

The SRC Charter and SRC Program Calendar, was tabled and taken as read.

RESOLUTION: The Board **RESOLVED** to approve the SRC Charter and SRC Program Calendar, as reviewed and endorsed by the Security & Risk Committee.

9.1.2 Enterprise Risk Register

The Enterprise Risk Register was tabled and taken as read.

The Directors noted that *lack of continuity/loss of corporate memory* and *cultural risk* should be included in the risk register, including mitigation strategies the Company has employed to date [**ACTION**].

RESOLUTION: The Board **RESOLVED** to approve the adoption of the Enterprise Risk Register, as tabled and endorsed by the Security & Risk Committee, subject to amendments discussed and agreed.

9.1.3 Enterprise Risk Management Framework Policy

The Enterprise Risk Management Framework Policy was tabled and taken as read.

The Chair noted the Risk Management Framework Policy tabled has been revised from the previous version approved by Directors.

RESOLUTION: The Board **RESOLVED** to approve the adoption of the [revised] Enterprise Risk Management Framework Policy, as tabled and endorsed by the Security & Risk Committee.

9.1.4 Risk Tolerance/Appetite Statement

The Risk Tolerance/ Appetite Statement was tabled and taken as read.

RESOLUTION: The Board **RESOLVED** to approve the adoption of the Risk Tolerance/ Appetite Statement, as tabled and endorsed by the Security & Risk Committee.

9.1.5 Responsible Disclosure Policy

The [proposed] Responsible Disclosure Policy was tabled and taken as read.

The Chair invited fellow director, JD to update the Directors on the policy, noting it is common practice for Company's who have an internet presence, to manage expectations and report these for public consumption.

RESOLUTION: The Board **RESOLVED** to approve the Responsible Disclosure Policy, as tabled and endorsed by the Security & Risk Committee.

It was noted that in alignment with all corporate policies, the approved Responsible Disclosure Policy would be published for public comment.

*The Chair adjourned the meeting for a lunch break at 12.10pm and resumed the meeting at 1.00pm.
The CFO re-joined the meeting at this time.*

9.2 Finance & Audit Committee Update

The Finance & Audit Committee Chair provided an update on the FAC meeting held 24 September 2019 and minutes were tabled and taken as read, which was noted.

It was noted a Finance & Audit Committee meeting was held Monday 14 October 2019 and draft minutes would be circulated offline for Directors review and information, noting this meeting endorsed for Board approval agenda 7.2,7.3, 9.2.1 and 9.2.2.

9.2.1 Investment Polices for auDA and auDA Foundation

The Investment Policies for auDA and auDA Foundation was tabled and taken as read.

The Directors noted the auDA Foundation Board had approved the [proposed] Investment Policy for auDA Foundation and the proposed policies were in alignment with the appointment of Credit Suisse to manage the Companies investment portfolios.

RESOLUTION: The Board **RESOLVED** to approve the Investment Policies for auDA and auDA Foundation (as also endorsed by auDA Foundation Board), as tabled.

9.2.2 FAC Charter and FAC Program Calendar

The Finance & Audit Committee Charter and Finance & Audit Committee Program Calendar, as endorsed by FAC, was tabled and taken as read.

RESOLUTION: The Board **RESOLVED** to approve the Finance & Audit Committee Charter and Finance & Audit Committee Program Calendar, as tabled and endorsed by FAC.

9.2.3 Consideration for Nomination Committee Fee Variation

The Chair provided an update on the Nomination Committee Fee Variation for Board discussion, noting to date the cost associated with the establishment of the Committee is greater than originally budgeted and anticipated.

The Directors **agreed** on the importance of bringing this cost to the attention of the new Board, to consider and manage this appropriately in future, given the duration of some teleconferences (i.e. 1 hour) then being entitled to the \$1500 sitting fee.

It was noted any variation to the remuneration should be based on the length of the time of the meeting held, and in hindsight the size of the membership should be reduced from ten (10) to four (4) as supported by DoCA.

It was further noted that Nomination Committee should submit in future proposals for expenditure, to manage costs appropriately, noting there is no budget provision for future meetings.

The Chair further noted separately of an expectation the Nomination Committee in their capacity as Governing Members have requested to travel to the company's AGM and the associated cost to this.

The Board **agreed** to avoid setting a precedence in the future when auDA's membership base continues to grow (it's currently 1,500) by not reimbursing Governing Members travel to this year's AGM.

It was **agreed** the Executive Assistant is to ensure teleconference facilities are available at the AGM facility to assist dial in for governing member's participation [**ACTION**].

The Board **further agreed** and recommended that new Directors should attend the AGM, at their own cost.

The Directors discussed the process of handover, noting this would occur with incumbent Chair and incoming Chair.

9.2.4 Ballot Rules for Elected Directors

The Ballot Rules for Elected Directors Report was noted and taken as read.

RESOLUTION: The Board **RESOLVED** to approve the adoption of the Ballot Rules for Elected Directors [which outlined the processes and procedural rules for the conduct of ballot of Associate Members to elect four (4) Directors to the auDA Board.

The Chair requested an in-camera meeting at 1.31pm – 1.51pm and the Company Secretary and CFO left the meeting at this time. EK re-joined (by phone) the meeting at this time.

Item 9.3 – Governance Committee Update

The Governance Committee Chair provided an update on the GC meeting held 8 October 2019, which was noted.

Item 9.3.1. Whistle-blower Policy

The [revised] Whistle-blower Policy, as endorsed by GC, was tabled and taken as read.

The Governance Committee Chair was invited to update Directors on the key policy reforms, as tabled, that supported a revision to the Company's current Whistle-blower Policy, noting the requirement to have this new policy [and its respective disclosure forms] in place by 1 January 2020.

RESOLUTION: The Board **RESOLVED** to approve the [revised] Whistle-blower Policy [& respective disclosure forms], as tabled and endorsed by the Governance Committee.

It was noted that a typographical correction (i.e. .au) on the *Stoptline* email was required before publishing the policy and and that the click through information was contemporary. [**ACTION**].

Item 9.3.2 Governance Program Committee Calendar

The Governance Program Committee Calendar was tabled and taken as read.

The Governance Committee Chair was invited to update Directors, noting that in alignment with the Committee Charter approved at the September Board meeting, a program calendar consistent with all other Board and Board Committee Program Calendars had been drafted by the Company Secretary for Board approval.

RESOLUTION: The Board **RESOLVED** to approve the Governance Program Committee Calendar, as tabled and endorsed by the Governance Committee.

Item 9.4 Board Program Calendar

The Board Program Calendar was tabled and taken as read.

The Board noted in alignment with the Board Charter, a program calendar consistent with all other Board Committee Program Calendars had been drafted by the Company Secretary for Board approval.

RESOLUTION: The Board **RESOLVED** to approve the Board Program Calendar, as tabled.

9.5 CEO Search Update

[REDACTED]

The Chair provided an update on the CEO Search, noting next steps for the week commencing 28 October 2019 at which time a long list would be presented by Hattonneale for discussion, noting the long list would be circulated to directors for comment.

[REDACTED]

Item 10 – Human Resources

10.1 Cultural Update

The Chair noted a cultural update on auDA was discussed at the outset of the meeting.

10.2 Staff Performance Management Policy

The [proposed] Staff Performance Management Policy was tabled and taken as read.

The Directors noted the purpose of introducing the policy is to articulate auDA’s expectations for evaluation and reward of employee work performance; identification of and support areas for employee underperformance and to ensure all employees are aware of and understand their obligation to participate in performance management processes.

RESOLUTION: The Board **RESOLVED** to approve the Staff Performance Management Policy, as tabled and endorsed by the Governance Committee.

The Chair adjourned the meeting agenda order at 2.31pm to welcome Nomination Committee Representatives to join the meeting to discuss agenda 11.1.1

EK and GW joined the meeting by phone

Item 11 – Nomination Committee

11.1.1 Recommendation of Chair, Independent Directors and elected Directors

Neville Stevens, David Epstein & Richard Bean, representatives from Nomination Committee were introduced to the Board.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

NS explained that a revised Board Skills Matrix had been developed with the involvement of governance Consultant, Phil Khoury and with regard to the published [and existing] Board Skills Matrix which was APPROVED.

[REDACTED]

[REDACTED]

[REDACTED]

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NP left meeting at 3.07pm.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

The Board thanked the efforts of the Nomination Committee.

It was noted that those candidates not successful would be communicated to by the Nomination Committee.

The Board requested copies of the probity checks (and detailed reports) to be provided for candidates shortlisted/to be approved for standing [*which was subsequently provided during the course of the meeting*].

It was noted Nomination Committee would accelerate this outstanding task, to meet the Company's Ballot Process.

NP returned @ 3.57pm and Nomination Committee representatives left at 4.06pm

Subject to satisfactory probity checks, the Board **RESOLVED** to approve the shortlisted candidates recommended by Nomination Committee.

It was noted a Consent to Act would be issued to candidates for return execution, before any announcement and media release [**ACTION**].

The Board discussed the ballot process, given the outstanding probity checks.

The CFO was invited at 4.11pm to return to the meeting

The Board **RESOLVED** to approve an extension of the ballot process no later than COB Wednesday 23 October 2019, until satisfactory probity checks are finalised.

The Board **RESOLVED** that if probity checks are unable to be provided by Wednesday 23 October 2019, then the ballot will commence 23 October 2019 and the candidates not fully reviewed, will not then be involved in the process.

RESOLUTION: The Board **RESOLVED** (with exception of Nigel Phair who abstained and separately Erhan Karabardak who abstained from voting in respect of Angelo Giuffrida and Christopher Norris specifically due to a declared interest), to approve the following shortlisted candidates recommended by the Nomination Committee for the auDA Director Ballot, subject to completion of all probity checks required effective 15 November 2019:

[REDACTED]

RESOLUTION: The Board **RESOLVED** (with exception of Nigel Phair who abstained) to approve the following shortlisted candidates recommended by the Nomination Committee for the auDA Independent Director positions, subject to completion of all probity checks required effective 15 November 2019:



RESOLUTION: The Board **RESOLVED** (with exception of Nigel Phair who abstained) to approve [REDACTED] as Chair, subject to completion of all probity checks required and effective 15 November 2019.

The Chair resumed the meeting order as previously tabled and reverted to agenda 10

Item 10 – Other Business

The Chair tabled The Civic Group document, auDA Board Transition Communications and Stakeholder Management Strategic Framework dated 18 October 2019, which was noted and **APPROVED**.

The Chair tabled the proposed Media Release titled ‘Annual Report 2018/19 and an update on the ballot for elected directors dated 21 October 2019, which was noted and **APPROVED**.

It was noted an auDA Foundation Board meeting prior to the Board meeting to endorse the draft FY19 Financial Accounts and proposed Investment Policies, subsequently approved by the Board.

The Chair provided thanks and acknowledged the work completed by all Directors, including their participation at the meeting, being cognisant of respective sensitivities and the Board in return provided thanks to the Executive Chair.

No other Business was noted.

Item 11 Board Calendar and Next Meeting

It was noted the next Board meeting is scheduled **Thursday 14 November 2019 at 9.30am** (*prior to the Company’s AGM*).

The meeting was closed at 4.27pm.

Signed as a true and correct record.

Dated this day of

Suzanne Ewart
Executive Chair