

.au Domain Administration Limited

ACN 079 009 340 (Company)

Minutes of the Board of Directors held on Monday 22 July 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
	Grant Wiltshire (GW)	Director (<i>attendance by phone</i>)
	Sandra Hook (SH)	Independent 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>	Cameron Boardman	Chief Executive Officer (<i>part attendance</i>)
	Dr Bruce Tonkin	Chief Operating Officer (<i>part attendance</i>)
<u>Invitee:</u>	Richard Bullock (RB)	DoCA Representative (Board Observer – <i>part attendance</i>)
<u>Apologies:</u>	Nil	

Item 1 – Meeting Open

The Board noted that following the 17 June 2019 meeting, the Board subsequently approved a Circulating Resolution confirming that Suzanne Ewart has been appointed as Independent Chair, following Chris Leptos' resignation.

The Chair welcomed all present, noting a quorum was present and declared the meeting duly convened and constituted at 10.03am.

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

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

The Directors and Management declared there were no new declarations of interest to declare.

Item 3 – Approval of minutes from previous meeting

The Minutes from the previous Board meeting from the 20 May 2019 and 17 June 2019 were tabled and taken as read.

It was noted in alignment with the 20 May 2019 minutes, the COO is to provide Directors a declaration regarding the materiality of his ARQ shareholding previously advised, to ascertain materiality for Directors' information [ACTION].

The Board **RESOLVED** to approve the minutes from the 20 May 2019 and 17 June 2019 meetings respectively, subject to amendments discussed and **agreed**.

For completeness, the Company Secretary provided Directors an update following the comments made from the previous Chairman in regards to format of the minutes, noting Ashurst Lawyers have confirmed there was no advice provided regarding this, which was noted.

The Chair noted the following circulating resolutions that had been **issued and approved** subsequent to the 17 June 2019 Board meeting being held, as follows:

Circulating Resolution issued 18.6.2019 {following, former Chairman, Chris Leptos resignation, taking effect 5.00pm 17.06.2019}

1. It was **RESOLVED** to approve the appointment of independent Director, Suzanne Ewart, as Chair of the Company.
2. It was **further RESOLVED** on behalf of the Board, Suzanne Ewart, as Chair, would inform the Nomination Committee at its scheduled 3.00pm Tuesday 18 June 2019 meeting, further noting formal process would be undertaken by the Committee to find a suitable replacement in due course, in concert with the Committees' *responsibility to identify, scrutinise, approve appropriate candidates for the 10 auDA positions* (including Chair), in alignment with clause 5.3 of the Company's Constitution.

Circulating Resolution issued 26.06.2019 {to approve agenda 9.3 [REDACTED] from previous Board pack}:

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Circulating Resolution issued 11.07.2019 {following 10.07.2019 recommendation from Nomination Committee to discuss and recommend the shortlisting of selected recruitment agencies}:

1. It was **RESOLVED** to approve the appointment of recruitment agency, Kathleen Townsend, as endorsed by the Company's Nomination Committee, to commence search of respective candidates for the auDA Board positions being Board Chair and five (5) Non-Executive Directors.
2. It was noted advertisements for the respective auDA Chair and five (5) Non-Executive Director positions will be placed in the Australian Financial Review on Friday 19 July 2019 to meet timelines set by the Nomination Committee.

Circulating Resolution issued 31.07.2019 {following the CEO, Cameron Boardroom's resignation taking effect 2 August 2019}

1. It was **RESOLVED** to approve interim Financial Delegation Authority to the Company's COO, Bruce Tonkin, in alignment with the Company's approved Delegation Manual, taking effect Monday 5 August 2019.
2. It was **further RESOLVED** to approve **dual** interim delegation for all Contractual matters be assigned to **both** the Company's COO, Bruce Tonkin and CFO, James Shady, in alignment with the Company's approved Delegation Manual, taking effect Monday 5 August 2019.
3. It was **further RESOLVED** to authorise the Company's Head of Government Affairs, Alister Paterson, be added as a Bank Signatory to support existing segregation of duties for payments.

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.

It was noted the auDA Foundation Board will hold a meeting at the conclusion of today to discuss their support and approval of the appointment of Credit Suisse, as the new investment management firm, as endorsed and approved by the Board at its 17 June 2019 meeting [**ACTION**].

The Chair noted NP had expressed interest to also attend APTLD Malaysia in September 2019, in alignment with that discussed and approved at the 17 June 2019 Board meeting for EK.

RESOLUTION: The Board **RESOLVED** to approve for fellow Director, Nigel Phair, to attend APTLD Malaysia event and for auDA to pay for the associated travel and accommodation costs.

The Directors noted a verbal update from the Chair following her recent ICANN Marrakesh travels with the CEO and the Head of Government Affairs, Alistair Paterson, which was discussed.

The CEO provided an update on the appointment of Andrew Maiden as the Company's interim Stakeholder Manager and provided the Directors an update on the role – noting an introduction with Directors would be made at the appropriate time.

Item 4 – CEO Report

Item 4.1 – Management Report

The Management Report was tabled and taken as read and the CEO was invited to update the Board.

The Directors discussed the public interest test, as discussed at the last meeting and requested the CEO provide a detailed report on the risks for Directors review and better understanding [**ACTION**].

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EK declared a conflict of interest [REDACTED] and left the meeting at 10.44am.

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EK rejoined the meeting by phone at 11.02am.

Management discussed the *Compliance Update as at June 2019*, which was tabled in the Management Report.

It was requested that Management detail what the top three (3) complaint issues are, for Director's information and further what areas is auDA non-compliant [**ACTION**]

In alignment with the *Registry, Technical and Security Update*, which was tabled in the Management Report, the Directors requested a status report providing further context on 30 June 2019 timeframe of ISO 27001 (i.e. additional costs, resources required) for Director's further context and information [**ACTION**].

Item 4.2 Marketing & Innovation Fund Assessment

The Marketing and Innovation Assessment Report was tabled and taken as read and the CEO was invited to update Directors.

Contrary to the previous minutes, where it was **agreed** a Circular Resolution would be distributed out-of-session for respective approval, a revised report was instead requested to be prepared for Directors better understanding before approval is provided, which was tabled and taken as read and the CEO was invited to update the Directors.

It was requested that Management provide Year on Year (YoY) comparison for the two (2) graphs included in the *Marketing and Communication Report dated July 2019*, titled "Create Volume and Top 10 Registrars" to provide further context in the data provided [**ACTION**].

It was further requested that Management prepare a comprehensive report for Directors review to provide clarity on terminology and funding of all three (3) categories discussed (i.e. registered re-sellers, vs. re-sellers, vs. self-appointed sellers) [**ACTION**].

The Governance Committee Chair was invited to update the Board on the Governance Report (see agenda 9.2) prepared in parallel to this revised report from Management.

The Governance Committee noted that the report prepared by Management is now in conflict with the report prepared by the Committee and to be considered utilitary.

It was noted that the Governance Committee has debated this issue and read the proposed resolution from Management in the spirit it is trying to achieve.

RESOLUTION: The Board **RESOLVED**, that auDA Directors and Staff, related Body Corporates, family members (and their related body corporates) will declare in advance their association and or any conflict of interest, in alignment with the Company Policy, when applying and accessing market funds, as tabled, as recommended by the Governance Committee.

RESOLUTION: The Board **further RESOLVED** to approve the continuation of the Marketing and Innovation Fund associated with the budget allocation for the 19/20FY with the minor changes tabled, as recommended by Management, [*in concert with the approved resolution above*].

Item 4.3 Update on Status of Government Recommendations

The Directors noted the *review of auDA Domain Administration – auDA Implementation Tracker for the period to 1 August 2019*.

The CEO was invited to update the Board on the recommendations by Management in response to the Government review, noting 20 or 29 recommendations had been completed.

It was further noted an update on the 9 outstanding items have been included in a checkpoint status report for a meeting scheduled with DoCA on 1 August 2019, which the Directors noted and discussed.

Item 5 – DoCA Update

Item 5.1 DoCA feedback on Licencing Rules

The Chair invited RB to provide an update on Management's Checkpoint Status Report, as discussed in the previous agenda.

RB noted a consultation workshop to discuss public interest test on the Licensing Rules, had since been undertaken to better understand stakeholder management, as noted at the previous meeting and further noted material concerns that have resulted from the workshop, which were discussed.

It was **agreed** RB would request one of the stakeholders, AFP, to provide written submission /guidance to the Board and a copy of the minutes from the recent workshop engagement for Directors review and information [**ACTION**].

It was noted DoCA would coordinate a subsequent workshop with auDA to participate at the next opportune time.

Item 6 Membership Attraction

The Membership Attraction Report was tabled and taken as read.

NP provided an update on auDA networking event held 16 July 2019, which was noted.

The CEO advised that 80% of new members are joining following auDA's online campaign.

RB left the meeting at 12.10pm and the COO joined the meeting at 12.12pm

Item 7 – Policy Reform

Item 7.1 Update on Direct Registration Implementation

The COO advised the Board that auDA has a target launch date on *commercial-in-confidence* and provided Directors an update on actions completed to date, which was noted.

It was noted Ernst & Young have been appointed as an independent risk assessor to assist the project.

It was **agreed** that Ernst & Young will provide a report on risk areas for Directors review at the August 2019 Board Meeting [**ACTION**].

Item 7.2 Update on Registrar Agreement

The COO provided an update on the Registrar Agreements.

It was noted that there are three (3) agreements in progress that will be brought to the August 2019 Board meeting for Directors review and information [**ACTION**]:

- auDA Registrar Agreement;
- AFILIAS – auDA Registry Licence Agreement; and
- AFILIAS – Registrar Agreement

Item 7.3 Licensing Rules Review Panel EOI

The License Review Panel EOI Report was tabled and taken as read.

RESOLUTION: The Board **RESOLVED** to approve:

- (1) Amending the Licensing Rules to permit the License Review Panel to review auDA decisions under the Registrant Review Panel Rules;
- (2) Appointment of persons to both the License Review Panel and Registrant Review Panel;
- (3) Fee structure for external review by persons appointed to the Licensee Review Panel and Registrants Review Panel; and
- (4) The release of the draft Expression of Interest.

The COO left the meeting at 12.55pm

Item 8 Finance Update

Item 8.1 Finance Report April and May 2019

The Finance Report for April and May 2019 was tabled and taken as read and the CEO was invited to update Directors.

Item 8.2 Delegation Manual (endorsed by SRC and FAC)

The amended Delegation Manual was tabled and taken as read.

RESOLUTION: The Board **RESOLVED** to accept the amendments to the previous Delegation Manual and adopt Delegation Manual v4 dated 15.07.2019, as tabled and endorsed by the *Security & Risk Committee* and *Finance & Audit Committee*.

Item 8.3: Investment Strategy update and workshop

The CEO updated the Directors on the a Investment Strategy Workshop being coordinated by Credit Suisse for Finance & Audit Committee and Foundation Board to participate in. It was noted a Risk Appetite Statement will be determined at this meeting and an Investment Policy will be developed for Directors review and information.

Item 9 Committee Updates

9.1.1 Nomination Committee Update and Minutes

The Chair provided a Nomination Committee update and the Directors noted the minutes included in the Board papers from the 18 June 2019 and 28 June 2019 meetings respectively.

9.1.2a Appointment of Director Search Firm: *Circular Resolution for Noting*

[The Chair noted earlier in the meeting (see agenda 3) the proposed appointment of Director Search Firms, as recommended by the Nomination Committee, which has subsequently been approved via Circular Resolution 11.07.2019].

9.1.2b Appointment of Director Search Firm: *Elected Directors*

It was noted in alignment with the Circulating Resolution to approve the appointment of Kathleen Townsend, it was noted, as approved, that Kathleen Townsend will also commence search of respective candidates for the Elected Director positions.

9.1.3 New Director Remuneration Recommendation

The Directors noted and **RESOLVED** to approve the following recommendation from Nomination Committee.

The Chair and non-Executive Directors of auDA be paid an annual stipend, with appropriate loadings for the Chair and non-executive Directors who are appointed to Chair formal sub-committees the Board may establish;

It was further noted, having regard to agreed considerations and principles, together with feedback from the Nomination Committee, appointed executive search consultant, Kathleen Townsend, remuneration be **RESOLVED** and set as follows:

- a) Chair - \$100,000 per annum (inclusive of superannuation SGC)
- b) Non-Executive Directors (ordinary Board members) - \$45,000 per annum (inclusive of Superannuation SGC); and
- c) That an additional loading of \$5k per annum (not specified as superannuation SGC Inclusive) be paid to Non-Executive Directors who are appointed as Chairs of formally constituted sub-committees established by the auDA Board.

9.2 Governance Committee Update

The Governance Committee Report was tabled and taken as read.

It was noted that the Board had discussed and resolved this report – *see agenda 4.2*

Item 10 Other Business

The CEO informed the Board of a Corporate Agreement received from Australian Strategic Policy Institute (ASPI) dated 30 July 2019 which sets out terms and conditions upon which .au Domain Administration Ltd agrees to sponsor the Australian Strategic Policy Institute to coordinate and manage the internet.com.au test tool project.

RESOLUTION: The Board **RESOLVED** to approve the Corporate Agreement with ASPI, subject to review of Intellectual Property rights to protect auDA, before respective execution

No other Business was noted.

It was **agreed** an in-camera session at the conclusion of the formal meeting would be held to discuss the CEO matter, including next steps.

Item 16 Review Meeting – Feedback to the Chair

This item was deferred to the next meeting for respective feedback.

Item 17 Board Calendar and Next Meeting

It was noted the next Board meeting is scheduled **Monday 19 August 2019 at 10.00am**

The Chair adjourned the meeting for a short lunch break at 1.16pm and resumed the meeting as an in-camera session at 2.00pm and EK and GW returned to the meeting by phone at this time.

In camera meeting

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An in-camera session with Directors was held between 2.38-3.25pm.

The Chair adjourned the in-camera session for a short break and resumed the in-camera session at 3.32pm.

The Company Secretary left the meeting at 3.49pm.

The CEO was invited back in the in-camera discussion at 4.10pm.

The in-camera meeting was closed at 5.02pm.

Signed as a true and correct record.

Dated this day of

Suzanne Ewart
Independent Chair