INTERNET SOCIETY OF NEW ZEALAND INCORPORATED

DOMAIN NAME COMMISSION LIMITED

OPERATING AGREEMENT
OPERATING AGREEMENT

DATED 2008

PARTIES

1. Internet Society of New Zealand Incorporated (InternetNZ).

2. Domain Name Commission Limited (DNCL).

BACKGROUND

A. InternetNZ is a non-profit society, incorporated in New Zealand and established for the purpose of protecting, promoting and fostering the development of the Internet in New Zealand.

B. InternetNZ is responsible for the registration and administration of internet domain names ending in the suffix code "nz" (the .nz Domain Name Space) in New Zealand.

C. The entity that governs domain names globally is the Internet Corporation for Assigned Names and Numbers (ICANN). ICANN is a non-profit society incorporated in California.

D. ICANN formally recognises InternetNZ as the sole authority for the administration and management of the .nz Domain Name Space.

E. There is presently established by InternetNZ an unincorporated entity known as the Domain Name Commission, which has the responsibility of managing and administering the .nz Domain Name Space on behalf of InternetNZ.

F. InternetNZ now wishes to formally appoint DNCL to manage and administer the .nz Domain Name Space in place of the Domain Name Commission, on the terms and conditions set out in this agreement.

OPERATIVE PART

The parties hereby agree as follows:

1. Appointment

1.1. InternetNZ hereby appoints DNCL to manage and administer the .nz Domain Name Space on behalf of InternetNZ (the Appointment).

1.2. DNCL will perform the following general services under the Appointment:

1.2.1. Oversee the registration and management of .nz domain names;
1.2.2. Manage the operation of the .nz Domain Name Space, and the agreements and policies that underpin it;

1.2.3. Consistently monitor activity in the .nz Domain Name Space;

1.2.4. Where necessary, regulate the use of the .nz Domain Name Space;

1.2.5. Represent the .nz Domain Name Space at international fora;

1.2.6. Report to InternetNZ on the following:

   1.2.6.1. Any regulatory action taken, or proposed to be taken, in respect of the .nz Domain Name Space; and

   1.2.6.2. Other matters as detailed in the Service Level Agreement attached as Schedule 1.

1.2.7. Other specific services detailed in the Service Level Agreement.

1.3. The manner in which the services will be performed by DNCL is detailed in the Service Level Agreement.

1.4. Where it is necessary for DNCL to take legal action to regulate the use of the .nz Domain Name Space as provided in 1.2.4, such legal action shall be taken in the name of DNCL.

1.5. For the avoidance of doubt, nothing in this Agreement shall limit or affect ICANN’s recognition of InternetNZ as the delegated authority for the administration and management of the .nz Domain Name Space.

1.6. Where there is an inconsistency or conflict between the body of this Agreement and any Schedule thereto, the terms of the body of the Agreement shall prevail.

2. Remuneration

2.1. The Parties shall make payments as detailed in Schedule 4, as amended from time to time.

3. Revenue

3.1. DNCL shall be entitled to receive the revenue as detailed in Schedule 2, as amended from time to time.

4. Term of Appointment

4.1. The Appointment will commence on 1 April 2008 (the Commencement Date) and will continue until terminated in accordance with clause 5.

5. Termination

5.1. The Appointment shall terminate forthwith upon the happening of any of the following events:
5.1.1. DNCL breaches, or fails to properly perform, any of its obligations under this Agreement and, in the case of a breach which is capable of remedy, has not remedied that breach within the reasonable timeframe specified in a written notice from InternetNZ, advising of the breach and requiring it to be remedied;

5.1.2. DNCL goes into receivership or has all or any of a receiver, trustee and manager (including a statutory manager) appointed in respect of all or any of its property;

5.1.3. DNCL is unable to pay its debts as they fall due, or is presumed to be unable to pay its debts as they fall due under section 287 of the Companies Act 1993;

5.1.4. DNCL makes an assignment for the benefit of, or enters into or makes any arrangements or composition with, its creditors; or

5.1.5. Any resolution is passed or any proceeding is commenced for the winding up or liquidation of DNCL (whether on a voluntary or involuntary basis).

General right to terminate:

5.2. InternetNZ may terminate the Appointment without cause by giving 30 working days notice in writing to DNCL.

Consequences of termination:

5.3. Forthwith upon termination of the Appointment, the management and administration of the .nz Domain Name Space shall revert immediately to InternetNZ.

5.4. Forthwith upon termination of the Appointment, DNCL shall deliver to InternetNZ all records and information kept by DNCL in connection with the Appointment.

6. Policy and Procedure

6.1. DNCL shall adopt all policies and procedures of the Domain Name Commission which are current at the Commencement Date

7. Warranties and Indemnities

7.1. DNCL agrees to indemnify and hold harmless InternetNZ from and against all actions, proceedings, losses, liabilities, damages, claims, demands, costs, obligations and expenses (including legal costs and expenses) incurred by it by reason of any act, admission or omission of DNCL, its agents, contractors or employees.

7.2. This entire clause will survive the expiry of termination of the Appointment.

8. Insurance

8.1. DNCL agrees to insure and keep insured all property owned by DNCL against all commercial risks, in accordance with prudent commercial practice and as directed by Internet NZ.

8.2. DNCL will ensure that the relevant insurance policies include the following insurance cover, whether in separate or combined policies:
8.2.1. professional liability cover, including liability to both InternetNZ and third parties;
8.2.2. insurance cover for Registrars of the .nz Domain Name Space;
8.2.3. insurance cover for experts and mediators contracted by DNCL as part of the
dispute resolution service;
8.2.4. insurance cover for directors and officers of DNCL;
8.2.5. employee dishonesty cover; and
8.2.6. public liability cover.

8.3. DNCL waives all subrogation rights against InternetNZ in respect of any insurance
policies entered into by DNCL pursuant to this clause. If the insurance policies
require an endorsement to provide for continued coverage when there is a waiver of
subrogation, DNCL will cause them to be so endorsed.

9. Administration
9.1. The board of directors of DNCL shall appoint a Chief Executive of DNCL, to act as the
"Domain Name Commissioner and Chief Executive Officer of Domain Name
Commission Limited".
9.2. The decision making functions of the board of directors of DNCL shall be in
accordance with the Delegated Authorities attached as Schedule 3.
9.3. Appointment to the board of directors of DNCL shall be in accordance with the
InternetNZ Directors' Policy attached as Schedule 4.

10. Books and records
10.1. DNCL shall keep up-to-date and accurate accounting records and statistical
information, and upon request by InternetNZ agrees to produce or permit InternetNZ
to inspect and take copies of such records.
10.2. DNCL must prepare and submit to InternetNZ the following:
    10.2.1. Annual Report;
    10.2.2. Annual Business Plan and
    10.2.3. Quarterly Communications
    as detailed in the Service Level Agreement.

11. Service of Notices
11.1. Notices under this Agreement may be served either:
    11.1.1. by delivery to the registered office of the recipient; or
11.1.2. by electronic delivery to any email address or facsimile number supplied to the sender by the recipient.

and such notice shall be deemed to have been served on the day following the date of sending.

12. **No assignment or subcontracting**

12.1. Neither party may assign or subcontract or otherwise deal with its rights and obligations under this Agreement without the prior written consent of the other party.

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**EXECUTION**

SIGNED on behalf of Internet Society of New Zealand Incorporated

![Signature]

President

Councillor

SIGNED on behalf of Domain Name Commission Limited

![Signature]

Director

Director
Schedule 1

1. Reporting

1.1 The Domain Name Commission Limited (DNCL) will have two types of reporting to InternetNZ - governance reporting to InternetNZ as DNCL’s shareholder, and operational reporting to InternetNZ on the stewardship of the .nz Domain Name Space.

1.2 The reporting to InternetNZ on the stewardship of the .nz Domain Name Space should complement the reporting from New Zealand Domain Name Registry Limited, and provide a total overview of the operation of the .nz Domain Name Space.

Governance reporting to InternetNZ as DNCL’s Shareholder:

1.3 All reports (e.g. quarterly reports, annual business plan)/major letters, etc to InternetNZ as shareholder should be authorised by the Board and signed by the Chair of DNCL.

1.4 All documents should clearly note whether the information contained within is “commercially sensitive” and where that is the case, must be accompanied by a request from DNCL that InternetNZ respect the commercial sensitivity of the information and not treat it as public information, for example, by entering it into open meeting records or posting it to its website.

1.5 Annual Accounts

(a) On completion of the audit of the annual accounts for DNCL, the accounts will be submitted to accountants in adequate time to allow for the consolidation of accounts of entities affiliated with DNCL to be completed as required under the relevant IRD rulings.

1.6 Annual Report:

(a) The key report each year will be the Annual Report incorporating the annual financial statements (as required under Companies Act).

(b) The Annual Report should follow statutory/standard format and disclosure regimes.

(c) It is InternetNZ policy that the Annual Report of DNCL will be made public. Any commercially sensitive information that would have been included but for the publication of it, should accompany the Annual Report in a separate document and be annotated as such (i.e. to be read in conjunction with the Annual Report, but not to be made available outside the Council).

1.7 Annual Business Plan:
(a) The other key document each year will be the Annual Business Plan incorporating its budget.

(b) InternetNZ, as DNCL’s shareholder, will approve the Annual Business Plan.

(c) The Annual Business Plan will contain:

(i) Strategies, objectives and plans for the ensuing 12 months, key strategic issues facing the company, key policy issues, commentary on the registrar market, risk analysis, any significant international issues, key budget assumptions; and

(ii) Budgets – 3-year budget (Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows, Capital Expenditure, ratios and key performance indicators) consisting of monthly budgets for the ensuing 12 months and annual budgets for the following two years.

1.8 Quarterly Communications

(a) During the year, DNCL should submit a Quarterly Report from the Chair of DNCL to InternetNZ. This report should include:

(i) Summarised quarterly and year to date financial statements together with ratios and key performance indicators – actual against the budgets and KPI’s in the approved Business Plan.

(ii) A 1 to 2 page written commentary at a quite high level commenting on financial performance, major operational and strategic issues, outlook for the rest of the year.

(iii) A copy of all published reports, and policies approved by the Board over the last quarter.

The quarterly report should not be submitted to the shareholder until it has been reviewed and ratified by the Board of DNCL.

1.9 Monthly Communications

(a) DNCL will not be required to submit any formal monthly reporting to the shareholder, but there may be informal contact from the Chair to the President as judged appropriate by the Chair and/or President on a situation-by-situation basis.

DNCL reporting to InternetNZ on the stewardship of the .nz Domain Name Space

1.10 This is separate to the relationship with InternetNZ as shareholder.

1.11 The monthly report should contain information that is relevant to the sound stewardship of the .nz Domain Name Space such as:
(a) performance data from the SRS (e.g. system availability, performance times for key transactions);
(b) performance data from the DNS (e.g. server availability, performance stress testing, zone push data);
(c) active number of domain names and trends;
(d) registrar issues – number, authorisations/de-authorisations, sanctions;
(e) policy issues – new second level domains etc;
(f) DRS issues; and
(g) other operational issues.

2. Functions/Authority

2.1 In relation to the .nz Domain Name Space, DNCL will have authority to:

(a) approve operational policies for the management on the .nz Domain Name Space;
(b) authorise and de-authorise a registrar;
(c) review the performance of the registry on an annual basis pursuant to its contract;
(d) request information from registrars and the registry pursuant to the contracts;
(e) approve technical changes to the register and DNS (following appropriate consultation);
(f) initiate reviews of specific areas – registry operations, a specific registrar etc - and appoint third parties to assist in investigation(s) of any aspect of domain name activity within the .nz Domain Name Space;
(g) seek external advice as required;
(h) appoint the Domain Name Commissioner, conduct the annual review of his/her performance and approve remuneration changes;
(i) conduct the annual review of the monthly fee to register a domain name, in conjunction with the registry, and to make a joint recommendation to the InternetNZ Council on the level of the fee for the following year;
(j) approve participation at international meetings and select the participants at these;
(k) direct the Domain Name Commissioner as appropriate;
(l) publish reports on the .nz Domain Name Space; and

(m) issue press releases on issues relating to the .nz Domain Name Space.

2.2 InternetNZ retains decision-making authority on:

(a) the long-term strategy for the .nz Domain Name Space;

(b) the monthly registration fee;

(c) the policy framework underlying the allocation and use of domain names in the nz Domain Name Space;

(d) changes to the .nz Domain Name Space position on international issues;

(e) major transactions;

(f) other governance issues; and

(g) the key principles that underpin policy regarding the .nz Domain Name Space,

namely:

(i) the "first come, first served" principle;

(ii) safeguarding registrant's rights; and

(iii) having a competitive, but stable, market for registrars with low entry requirements.
Schedule 2

Revenue

1. DNCL will receive revenue from the following sources:

1.1 Management fee charged to the .nz registry. Set annually, it is paid monthly and is the main revenue source for DNCL.

1.2 Application fees for organizations seeking to become authorised registrars, as per the amount defined in the appropriate policy.

1.3 Application fees for new Second Level Domains, as per the amount defined in the appropriate policy.

1.4 Fees for an Expert Determination under the Dispute Resolution Service (note that this money is paid directly out to the Experts so is fiscally neutral).

1.5 Investment interest.

1.6 Other revenue as received in the line of performing the company's duties.

2. DNCL will operate on a 'break even' basis and will set the management fee charged to the .nz registry accordingly.

3. DNCL can retain a contingency fund to manage cash flow and protect from possible litigation costs. The level of this fund is to be decided by the DNCL Board but shall not exceed 60% of the annual operating budget.
Schedule 3

Delegated authorities

- Decision making authority
- Input / recommendation

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<td>Require the shareholder's approval for the acquisition or disposal of land or buildings</td>
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Schedule 4

InternetNZ Directors' Policy

Nominations and Appointments to Boards

Key principles

- all appointments to the boards of business units are made by the Council of InternetNZ
- all nominations for appointment must be made by the Nominations Committee of the InternetNZ Council
- the process for nominations and appointments to the boards of business units must be consistent across all boards
- each board of a business unit should consist of five directors. An additional director should be considered only where unforeseen circumstances result in a need for additional skills and experience on a board.
- each board of a business unit will have one Council member appointed as one of the directors
- the Council member appointee to each board will go through the same process as the independent directors (i.e. they will be assessed and interviewed by the Nominations Committee)
- a non-Council board member may be appointed to the boards of more than one of the business units, where there are sound reasons to do so, and it does not create any conflict of interest (e.g. it would not be acceptable to have a member of the NZ Domain Name Registry Ltd board appointed concurrently to the board of the Domain Name Commission Ltd)
- Council must not use the appointments process to increase the number of directors of a business unit (i.e. appoint two new directors because there are two good nominees when there is only one vacancy)
- where Council decides not to make an appointment, it instructs the Nominations Committee to conduct the process again. It does not short-cut the process by making its own selection
- all vacancies for directors must be advertised to Society members
- all appointees to boards of business units must become members of the InternetNZ and must maintain that membership throughout their appointment term
- business unit boards will be maintained at full strength. Given the small size of the boards of business units and the need to maintain sufficient numbers for a quorum, appointments to pending vacancies should be made prior to the term of the incumbent retiring director expiring.

Specific principles applying to Council members
a member of Council may serve on only one business unit board at any one time

a Council member may not be the Chair of a business unit board

the President and Vice-President are not eligible for appointment to any business unit board

a member of Council who is a director of a business unit board may stand for the position of President or Vice-President, but must resign from the business unit board immediately on appointment to one of these roles

Council members serving on a business unit board are not representatives of the Council. They are expected to provide a connection with and convey the views and position of the Council but are required generally to act in the best interest of the business unit itself

no Council member may participate in proceedings of the Nominations Committee at which he/she is being considered for appointment or re-appointment to a business unit board

Terms of Appointment

directors of business unit boards are to be appointed for three year terms

the maximum consecutive term for appointment to an individual business unit board is three three-year terms. In the case of a director appointed as chair during their second three-year term, an extension may be available in order not to prevent that person serving in the chair role for two three-year terms

where a Council member appointed to a business unit board finishes his/her term on Council, the Council may agree to that person completing their current three year term as a director
	ran transitional arrangements will be available to the boards of the NZ Domain Name Registry Ltd and the Domain Name Commission Ltd to avoid any loss of continuity that these provisions might impose. This may include some initial appointments for a term of less than three years.

Nominations Committee

a standing committee of the Council

four members

standing members will be the President and one other member of the Council

additional members will be:

- the Chair of the relevant business unit board (except when the Chair him/herself is the subject of the process, when the Chair of one of the other business unit boards would be co-opted),

- an independent, experienced governance practitioner (e.g. recommended by the Institute of Directors) who is remunerated on a consultancy basis
where the Chair of a board is the subject of the process, additional information will be sought from the board to ensure that any contextual issues are taken into account in the nominations process

will be supported by the Council administrator

Appointments Process

A 5 stage process

I. The relevant board, in conjunction with the Nominations Committee, recommends to Council the skills, experience and other attributes it believes are desirable in the appointee, as well as succession planning requirements. If a current director is being considered for reappointment, the Chair of the relevant board should also provide confidential advice to the Council about the performance of the director.

II. The Council agrees/decides the skills, experience and other attributes it is seeking for the position taking into account the input from the relevant board.

III. The Nominations Committee conducts a search, shortlisting, interview and due diligence process and provides substantive documentation on the candidates to enable an informed decision to be made by Council.

IV. The Council accepts or rejects the nomination(s). In the event that it rejects a nomination, the Council will instruct the Nominations Committee to conduct the process again – the Council does not short-cut the process by making its own selection.

V. Notification to the successful appointee and notification to unsuccessful candidates.
Public announcement of the appointment.

Stage I

Stage I should commence at least six months prior to the expiry of the current term.

Stage III

The Search Process

The critical issue is the widest possible canvassing for high quality candidates.

Potential appointees to boards can be identified in various ways including:

- advertising the vacancy to members on the InternetNZ website
- advertising the vacancy publicly in other relevant publications/websites
- advertising the vacancy with the Institute of Directors
- seeking suggestions from current chairs and directors
- seeking suggestions from the Institute of Directors
o seeking names from professional networks or personal contacts

All candidates' expectations should be carefully managed in any personal contacts so that there is no implication or expectation of appointment.

Stage V

Letter of appointment

A letter of appointment should be sent from the President of InternetNZ to the new director setting out as a minimum:

- the position being appointed to and a role description
- the proper name of the business unit
- the term of appointment
- the fees relating to the appointment
- a clear indication that there is no guarantee of appointment for a further term
- termination reasons and procedures.

Existing directors being re-appointed should be sent a similar letter though the level of detail required would be less.

Letters sent on the appointment of a new chair should contain additional detail and information about that particular role.

Unsuccessful candidates

Advising unsuccessful candidates should be left until after Council has made the appointment decision in respect of the vacancy. The notification should then be done promptly and sensitively.

Where a person has been interviewed for a board vacancy, the Chair or another nominated member of the Nominations Committee should speak to the unsuccessful nominee. In all cases, a letter should be sent notifying the unsuccessful candidates of the decision of non-appointment.

The notification of unsuccessful candidates must occur prior to any public announcement of an appointment being made.

Remuneration

1. Key principles

1.1 the process for setting directors' fees for each of the business unit boards will be consistent across all InternetNZ boards

1.2 the remuneration paid to the directors on each of the business unit boards will reflect the required level of skill and contribution, within the general
expectation that the rates in a non-profit Society will also reflect an element of service to the common good (i.e. they will be lower that they would in a fully commercial entity)

1.3 fees for each business unit board will be approved by the shareholder or membership, as appropriate

1.4 the fees will be reviewed at regular intervals but the review should not result in an obligation to increase the fees.

1.5 the Chair of a business unit board should receive a 100% loading (i.e. twice the fee payable to other members of the board)

1.6 the Deputy Chair of any business unit board, (if such a position is created) should receive a 25% loading

1.7 the Chair of a committee of Council or any of the business unit boards (e.g. Audit and Risk, Nominations Committee etc) should receive a 10% loading (unless the individual is also the Chair or Deputy Chair, in which case the relevant loading for that role would prevail and the loading would not be cumulative)

1.8 InternetNZ will continue to use the fee framework and scales set for members of Crown entity boards, and if necessary, supplement this with advice from the Institute of Directors

2. Process

2.1 The process of using the Crown entity board fee framework and fee scales to assess each business unit board will be undertaken by the external governance appointee to the Nominations Committee of the Council, assisted by the Council administrator.

Code of Ethics and Proper Practice

The Board is committed to ethical conduct in all areas of its responsibilities and authority.

This means that directors as individuals will:

- act honestly and in good faith at all times in the best interests of Domain Name Commission Limited and its shareholder (InternetNZ)
- carry out their duties and responsibilities in a lawful and business-like manner, and ensure that Domain Name Commission Limited carries out is business likewise
- avoid conflicts of interest in as far as this is possible, and where such conflicts arise, will act within the Board’s Conflicts of Interest policy set out below
- attend Board meetings and devote sufficient time to preparation for Board meetings to allow for full and appropriate participation in the Board’s decision making
- observe the confidentiality of non-public information acquired by them in their role as directors, and not disclose information that might undermine the role of the Domain Name Commission Limited
interact with the Board and staff in a positive and constructive manner
be loyal to the collective nature of the Board, abiding by Board decisions once reached
not do anything that in any way denigrates the Domain Name Commission Limited or harms its image.

Directors as a whole will:

monitor the performance of management and the Domain Name Commission Limited, ensuring that appropriate monitoring and reporting systems are in place and utilised to provide accurate and timely information to the Board
ensure there is an appropriate separation of duties and responsibilities between itself and the Domain Name Commissioner, and that no-one has unfettered powers of decision making
ensure that the independent views of directors are given due consideration and weight in arriving at decisions
ensure that the shareholder (InternetNZ) is provided with an accurate and balanced view of the Domain Name Commission Limited's performance including oversight of the operation of the .nz domain name space and financial performance
regularly review its own performance as the basis for its own development and quality assurance
carry outs its meetings in such a manner as to ensure fair and full participation of all directors
ensure that the Domain Name Commission Limited's assets are protected through a suitable risk management strategy
adherence to any Governance Principles adopted by the Board.

The Constitution of the company will require the directors of DNC Ltd to put the interest of the shareholder (i.e. the Society) above the interest of the company, should there be a conflict (as it does for NZDNR-Ltd).

Conflict of Interest

The Board places importance on making clear any existing or potential conflicts of interest for its directors. Directors should not have a conflict of interest through their participation in the .nz market as a registrar entity or reseller or such association that could give rise to challenges of conflicts of interest.

Accordingly,

Any business or personal matter which is, or could be, a conflict of interest involving the individual and his/role and relationship with the Domain Name Commission Limited, must be declared and registered in the Conflicts of Interest Register

The Register will be presented to the Board and formally received at each meeting
Where a conflict of interest is identified and/or registered, the director concerned shall not vote on that issue and may only with unanimous agreement participate in any Board discussion on that topic.

The Chair must take whatever steps are necessary to ensure that any conflict is managed in an appropriate manner according to this policy.

Individual directors, aware of a real or potential conflict of interest of another director, have a responsibility to bring this to the notice of the Board.

Examples of such conflicts of interest are:

- When a director, or his/her immediate family or business interests, stands to gain financially from any business dealings, programmes or services of the Domain Name Commission Limited
- When a director him or herself offers a professional service to Domain Name Commission Limited
- When a director stands to gain personally or professionally from any insider knowledge if that knowledge is used to his or her personal or professional advantage
- Where a director is on another body that may have competing or conflicting interests or where knowledge of the Domain Name Commission Limited views or information might unduly favour the director’s other appointment/organisation.

Information from Candidates

It should be clear to all candidates the information that is sought from them so that there can be a consistent review of the qualities and skills of all candidates.

Candidates should be asked to identify whether they (or a partner, child or other close family member or friend) have or are likely to have any financial, personal or professional interests that might create a conflict if they were to be appointed.

Shortlisting

All candidates should be assessed against the same critical requirements for the role. The potential for conflicts of interest should also be considered at this stage.

Interviews

Interviews should be handled in a consistent way and against clear criteria, so that fair comparisons can be made of all short-listed candidates.

The membership of the panel for an appointment should remain the same, unless exceptional circumstances arise.

An objective record should be kept of all interviews.

Recommendations to Council
The Nominations Committee will provide substantive documentation to the InternetNZ Council to enable the Council to make a choice between the eligible candidates. The Nominations Committee may choose to rank eligible candidates and make recommendations on its preferred candidate(s) for appointment.

Reappointment of Directors

Directors should not be given any expectation that they will be offered a subsequent term of appointment.

There is a balance between the benefits derived from continuity of service on a board, the value of the board gaining new ideas and perspectives, and the need to avoid the board losing a number of experienced directors over a short space of time. The board's goals, its overall skills needs, and/or a director's performance may have changed since their term began.

Where a reappointment is being considered, the following points should be considered by the Nominations Committee:

- the number of terms already served
- are the current director role description and the contribution made by the incumbent still relevant to the work of the business unit and the mix of skills now on the board?
- how well does the current composition of the board match the current and future work programme, governance requirements and general needs of the business unit?

Induction

Induction is the responsibility of the board of the business unit to which the appointment is made.

Each board must have a comprehensive induction programme to help new directors contribute confidently to the work of the board.