

October 2021



Corporate Governance Statement





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Commitment

.au Domain Administration Ltd (“auDA”) is committed to high standards of corporate governance to help us achieve our purpose of administering a trusted .au for the benefit of all Australians, and championing an open, free, secure and global Internet. As part of that commitment, while not required to, we will report annually against the ASX Corporate Governance Council Principles and Recommendations (CGPR) modified as required for a not for profit company limited by guarantee.

We have adapted the terminology to reflect our size and structure; for example we have replaced security holders with members and extended that concept to include our multi-stakeholder environment where relevant.

This is our inaugural Corporate Governance Statement and is based on the 4th edition of the CGPR released in 2019 which came into effect 1 January 2020.



Principle 1: Lay solid foundations for management and oversight

Clearly delineate the respective roles and responsibilities of its board and management and regularly review their performance.

Recommendation 1.1

A listed entity should have and disclose a board charter setting out:

- a) the respective roles and responsibilities of its board and management
- b) those matters expressly reserved to the board and those delegated to management.

auDA is governed by its [Board of Directors](#). The role of the Board is set out in the [Board Charter](#) which is published on the website and includes responsibility for setting auDA's strategic direction, accountability for its performance and compliance obligations, overseeing the activities of the company, approving its policies, approving and monitoring the financial statements and performance, approving and monitoring the risk and reporting framework, appointing the CEO and monitoring the performance of the CEO and Management. A Delegations Policy is in place to confirm the functions delegated to Management and those retained by the Board. This is reviewed annually.

Recommendation 1.2

A listed entity should:

- a) undertake appropriate checks before appointing a director or senior executive or putting someone forward for election as a director
- b) provide members with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.

Due diligence activities are conducted prior to appointing a Director or Senior Executive or putting a candidate forward for appointment or election including police, bankruptcy, qualifications, work history and reference checks.

Members are provided with biographical information on all candidates standing for election in a standardised format to assist decision making, along with detailed information on the [process](#) and how to exercise their vote. This information is sent to members and published on the website at the time of elections. More information is available on the Elected Director Ballot page of the [website](#).



Recommendation 1.3

A listed entity should have written agreements with each Director and Senior Executive setting out the terms of their appointment.

auDA has letters of appointment for all Directors and contracts in place for all Senior Executives setting out the terms of their appointment.

Recommendation 1.4

The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.

auDA's Company Secretary reports to the CEO for operational matters and is accountable to the Board through the Chairperson for Board governance matters. The Company Secretary is accessible to all Directors and also provides support to the Board Committees.

Recommendation 1.5

A listed entity should:

- a) have and disclose a diversity policy.
 - b) through its board or a committee of the board set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally and
 - c) disclose in relation to each reporting period:
 - 1. the measurable objectives set for that period to achieve gender diversity
 - 2. the entity's progress towards achieving those objectives and
 - 3. either:
 - a) the respective proportions of men and women on the board, in senior executive positions and across the whole workforce (including how the entity has defined "senior executive" for these purposes)
- or
- b) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.

auDA is committed to maintaining a diverse and inclusive workplace and has an [Equal Employment Opportunity Policy](#) in place to support this. The Board has a 50:50 gender ratio which is also reflected across the whole staff group. auDA is led by a female CEO and the female to male ratio at senior executive level is 40:60 (defined as CEO and Senior Executive direct reports). auDA is not a relevant employer under the Workplace Gender Equality Act.



The People and Culture Committee (PCC) is responsible through its [Charter](#) to review and make recommendations to the Board on policy in relation to diversity and inclusion, measurable objectives for achieving diversity and inclusion, progress in achieving the measurable objectives and whether there is any gender or other bias in remuneration for employees. The PCC ensures that the Board and Management is focused on these matters.

Recommendation 1.6

A listed entity should:

- a) **have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors and**
- b) **disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.**

The Board completed a comprehensive external Board Performance Review in May 2021 which focused on the Board as a whole. The Board and the Nominations Committee, in line with its role to assist the Board to assess Board Performance, considered the report in June 2021. The review process is summarised in the [2021 Annual Report](#). It is envisaged that the next review will also focus on the performance of Individual Directors and the Board Committees. This year each Board Committee conducted its own self-assessment process on its performance and opportunities for enhancement.

Recommendation 1.7

A listed entity should:

- a) **have and disclose a process for evaluating the performance of its senior executives at least once every reporting period and**
- b) **disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect to that period.**

The People and Culture Committee (PCC) is responsible for overseeing the performance and remuneration of the CEO, Company Secretary and Senior Executives and this is set out in its [Charter](#) at 4.2. In 2021 auDA transitioned from a performance review to a performance development model of performance evaluation. Performance measures are being developed to align with the auDA 2021–25 Strategy. The Board Chairperson, with the support of the Chair of the PCC and in consultation with the Board, reviewed the performance of the CEO.



Principle 2: Structure the board to be effective and add value

The Board of a listed entity should be of an appropriate size and collectively have the skills, commitment and knowledge of the entity and the industry in which it operates, to enable it to discharge its duties effectively and to add value.

Recommendation 2.1

The board of a listed entity should:

- a) have a nomination committee which:
1. has at least three members, a majority of whom are independent directors and
 2. is chaired by an independent director
- and disclose:
3. the charter of the committee
 4. the members of the committee and
 5. as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings.

Or

- b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.

auDA has a Nomination Committee in place and its [Charter](#) is published on the website and its activities reported in the [Annual Report](#). The composition of the Committee reflects auDA's [Terms of Endorsement](#) and the requirement for an independent process. All members of the Committee are independent; only one (the Chairperson) is a Director, and he is an Independent Director. It is chaired by the independent auDA Chairperson and includes a Government Representative and eight other members drawn from the industry, business and consumer sectors. The Committee seeks to co-ordinate its activities with the People and Culture Committee where appropriate, and the Committee Chairperson liaises with the Chairperson of the People and Culture Committee on an ongoing basis to ensure no material matter is overlooked by the two Committees.

The primary role of the Committee is to identify, scrutinise and recommend candidates for appointment or election as a Director of auDA. The Board then appoints Directors on



the recommendation of the Committee. One elected Director was appointed to the Board in November 2020. During 2021, the Board and Nomination Committee have been considering options for structural changes to Director terms in the Constitution to support succession planning.

Recommendation 2.2

A listed entity should have and disclose a Board skills matrix setting out the mix of skills that the Board currently has or is looking to achieve in its membership.

auDA has a [Board skills matrix](#) in place and it is used to inform the composition of the Board to ensure that the Board has the necessary skills, experience and background to best complement the effective operations of the Board.

Recommendation 2.3

A listed entity should disclose:

- a) **the names of the directors considered by the board to be independent directors**
- b) **if a director has an interest, position or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position or relationship in question and an explanation of why the board is of that opinion and**
- c) **the length of service of each director.**

auDA's Constitution specifies that the Board must include one Independent Chairperson, five Independent Directors and four Elected Directors. Information on which Director holds each position and their appointment date is disclosed on the [website](#) and in the Director's Report within the [Annual Report](#).

All Directors are considered independent except for one Director, who has declared a personal interest in a domain name registrar business. Independent in auDA's context means no material or pecuniary relationship with the company, or in the decisions of the company, excluding Directors' fees (i.e. not an employee of a registry, registrar, reseller, domain investor, or a close relative of an employee of one of these; close relative means a spouse, parent, child, or sibling).

Recommendation 2.4

A majority of the board of a listed entity should be independent directors.

The Constitution requires a majority of Independent Directors (six including the Chairperson) to be appointed and this is reflected in auDA's current Board composition.



Recommendation 2.5

The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.

The Chairperson of the Board is an Independent Director as required by the Constitution and is not the CEO.

Recommendation 2.6

A listed entity should have a program for inducting new directors and for periodically reviewing whether there is a need for existing directors to undertake professional development to maintain the skills and knowledge needed to perform their role as directors effectively.

There is a Director Induction program in place for all new Directors and this was refreshed in 2021 to update the legislative obligations on auDA's Directors in terms of general corporate governance and industry specific requirements. All Directors participated in the updated module. The People and Culture Committee is responsible for reviewing and assessing the Induction Program to ensure Directors have the opportunity to develop and maintain the requisite skills and knowledge. Opportunities for professional development are identified and offered as required including through the Australian Institute of Company Directors and on technical matters related to auDA's operating environment.

Principle 3: Instil a culture of acting lawfully, ethically and responsibly

A listed entity should instil and continually reinforce a culture across the organisation of acting lawfully, ethically and responsibly.

Recommendation 3.1

A listed entity should articulate and disclose its values.

auDA is committed to a culture of acting lawfully, ethically and responsibly and this is reflected in company policies and in the actions of the Board, Executive team and staff and messaging across the organisation. auDA embarked on a company-wide values exercise in July 2021 to align with the release of the auDA 2021-25 Strategy. The development and implementation of [auDA's Values](#) is overseen by the People and Culture Committee.



Recommendation 3.2

A listed entity should:

- a) have and disclose a code of conduct for its directors, senior executives and employees and
- b) ensure that the board or a committee of the board is informed of any material breaches of that code.

auDA's [Code of Conduct](#) was reviewed and refreshed in 2021 and is published on the website. The Code will be updated to make clear that any material breaches will be notified to the People and Culture Committee in the first Instance.

Recommendation 3.3

A listed entity should:

- a) have and disclose a whistle-blower policy and
- b) ensure that the board or a committee of the board is informed of any material incidents reported under that policy.

auDA has a Whistleblower policy in place and it is published on the [website](#). The Policy will be updated to make clear that any material incidents will be reported to the Board.

Recommendation 3.4

A listed entity should:

- a) have and disclose an anti-bribery and corruption policy and
- b) ensure that the board or a committee of the board is informed of any material breaches of that policy.

auDA has an Anti-Bribery, Corruption and Fraud Policy in place and it is published on the [website](#). The policy requires any material breaches to be reported to the People and Culture Committee in the first instance.

Principle 4: Safeguard the integrity of corporate reports

A listed entity should have appropriate processes to verify the integrity of its corporate reports.

Recommendation 4.1

The board of a listed entity should have an audit committee which:

1. has at least three members, all of whom are non-executive directors and a majority of whom are independent directors and



2. is chaired by an independent director, who is not the chair of the board and disclose:
3. the charter of the committee
4. the relevant qualifications and experience of the members of the committee
5. in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings.

auDA has a Finance and Audit Committee with four members, three of whom are independent, including the Chair. The Committee [Charter](#) is published on the website and the disclosures on its meetings and member qualifications and experience are made in the Directors' Report in the [Annual Report](#).

Recommendation 4.2

The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

The Corporations Act requirement for a declaration from the CEO and CFO only applies to listed companies; however the Board seeks assurance from the CEO and CFO that the financial statements have been prepared in accordance with and reflect compliance with the appropriate accounting standards and systems before it approves the financial statements.

Recommendation 4.3

A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor.

Only applies to listed companies and not relevant to auDA.

Principle 5: Make timely and balanced disclosure

A listed entity should make timely and balanced disclosure of all matters concerning it that a reasonable person would expect to have a material effect on its members and stakeholders (the price or value of its securities).

Principle 5 recommendations are particularly focussed on disclosures around the price



or value of securities in a listed entity environment and are not relevant to auDA. However, auDA operates in a multi-stakeholder environment and proactively discloses and consults on a wide range of matters that may impact members and the wider Australian community. Our commitment to this approach is set out in our [Terms of Endorsement](#) and [Accountability and Transparency Framework](#) and the number of ways we do that are set out in the Compliance Report at Appendix 1. of the [Annual Report](#). These disclosures include statements on the [website](#) and a program of regular member events, monthly member newsletters, board stakeholder events and quarterly updates.

Principle 6: Respect the rights of Members (security holders)

A listed entity should provide its members (security holders) with appropriate information and facilities to allow them to exercise their rights as members (security holders) effectively.

Recommendation 6.1

A listed entity should provide information about itself and its governance to members (investors) via its website.

auDA does not have Security Holders or Investors but provides information to its members and other stakeholders on governance and related matters on the [website](#), including Minutes of Board meetings, and through direct communication. Information is provided on how members can participate in Annual General Meetings and exercise their right to vote in Director elections. Communication on other operational and policy matters is as set out under Principle 5 above.

Recommendation 6.2

A listed entity should have an investor relations program that facilitates effective two-way communication with members (investors).

auDA has a member engagement team who facilitate a program of activities and events to ensure that members are kept up to date with auDA operations and activities and engagement with the Board, and that auDA has the opportunity to hear directly from members about their interests and concerns. This includes monthly member newsletters, quarterly update reports, dedicated member events, an annual member survey and an active program of promoting the benefits of [membership](#) of auDA. auDA has three advisory committees (General Advisory Standing Committee, Technical Advisory Standing Committee and edu.au Advisory Committee) that meet regularly to hear about auDA activities and provide advice on issues of relevance.



Recommendation 6.3

A listed entity should disclose how it facilitates and encourages participation at meetings of members (security holders).

auDA makes its Annual General Meetings and other meetings of members available online to increase opportunities for participation. Previous meetings have been held onsite and livestreamed to members regardless of their location. With COVID 19 impacting the ability to hold face to face meetings in 2020 and 2021, auDA held a completely virtual Annual General Meeting in November 2020 and is planning for the same in November 2021. Members are provided with information on how to participate in these meetings in the Notice of Meeting and through other communication channels.

Recommendation 6.4

A listed entity should ensure that all substantive resolutions at a meeting of members (security holders) are decided by a poll rather than by a show of hands.

auDA uses a poll to decide all resolutions at member meetings.

Recommendation 6.5

A listed entity should give members (security holders) the option to receive communications from, and send communications to, the entity (and its security registry) electronically.

auDA has enabled electronic communication for members.

Principle 7: Recognise and manage risk

A listed entity should establish a sound risk management framework and periodically review the effectiveness of that framework.

Recommendation 7.1

The board of a listed entity should have a committee or committees to oversee risk, each of which:

- 1. has at least three members, a majority of whom are independent directors; and**
- 2. is chaired by an independent director**

and disclose:

- 3. the charter of the committee**
- 4. the members of the committee and**



5. **as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings.**

auDA has a Security and Risk Committee comprising four independent directors including the Chair. The Committee meets at least four times a year. The Committee's [Charter](#) is published on the website and the disclosures on its meetings and member qualifications and experience are made in the Directors' Report in the [Annual Report](#).

Recommendation 7.2

The board or a committee of the board should:

- a) **review the entity's risk management framework at least annually to satisfy itself that it continues to be sound and that the entity is operating with due regard to the risk appetite set by the board; and**
- b) **disclose, in relation to each reporting period, whether such a review has taken place.**

The Security and Risk Committee is responsible for recommending the Enterprise Risk Framework to the Board for approval and monitoring Management's performance against the Risk Appetite Statement and Risk Register at each meeting. In 2021 the Committee has been overseeing a major review and revision of the Risk Framework, Appetite Statement and Register to align it with the auDA 2021-25 Strategy.

Recommendation 7.3

A listed entity should disclose:

- a) **if it has an internal audit function, how the function is structured and what role it performs or**
- b) **if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its governance, risk management and internal control processes.**

auDA does not have a formal internal audit function in place however there are processes in place through the Board Committees and Board meetings for Management to report on governance, risk and internal control processes and seek guidance on possible improvements. Management periodically commissions reports from external experts on current issues and practices.

Recommendation 7.4

A listed entity should disclose whether it has any material exposure to environmental or social risks and, if it does, how it manages or intends to manage those risks.



We have taken steps to determine if auDA has any material exposure to environmental or social risks, particularly through our purchasing practices and do not believe we have any material exposure to environmental or social risks.

Principle 8: Remunerate fairly and responsibly

A listed entity should pay director remuneration sufficient to attract and retain high quality directors and design its executive remuneration to attract, retain and motivate high quality senior executives and to align their interests with the creation of value for security holders and with the entity's values and risk appetite.

Recommendation 8.1

The board of a listed entity should have a remuneration committee which:

1. has at least three members, a majority of whom are independent directors and
2. is chaired by an independent director

and disclose:

3. the charter of the committee
4. the members of the committee and
5. as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings.

auDA has a People and Culture Committee (PCC) with four members, three of whom are independent, including the Chair. The Committee [Charter](#) is published on the website and the disclosures on its meetings and member qualifications and experience are made in the Directors' Report in the [Annual Report](#). The Nomination Committee also has a role with respect to Board remuneration, as mentioned below.

Recommendation 8.2

A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.

auDA's People and Culture Committee (PCC) is required to review Director remuneration to ensure it is appropriately benchmarked against equivalent organisations. Director remuneration is then set by the Board subject to the total cap approved by the Members at a general meeting. The Nomination Committee also has a role to support the Board on Director remuneration matters when requested. There are no Executive Directors.



Senior Executive remuneration is externally benchmarked based on job sizing and comparison with equivalent roles in other organisations. The PCC assesses and makes recommendations to the Board on performance and remuneration of the CEO, Company Secretary and Senior Management.

Recommendation 8.3

A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it.

Does not apply to auDA.

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