

afnic

On June 10, 2016 at 10:30, the members of Afnic gathered for their annual meeting in the premises of the Mercure Paris Gare Montparnasse hotel, 20 rue de la Gaîté 75014 Paris.

Notice of the meeting, which included the agenda, had been sent electronically to all the members on May 12, 2016.

The date and place of the meeting, the agenda as well as the working papers were available in the members' area of the Afnic website.

Agenda

1. Opening speech by the Chair
2. Appointment of a Recording Secretary and a Scrutineer
3. 2015 Annual Report
4. Presentation of the Annual Accounts
5. Statutory Auditor's Report
6. Approval of the financial statements for 2014 and appropriation of income
7. Afnic Foundation for Digital Solidarity
8. Election of the trustees representing registrar members, user members, and international correspondent members

Minutes

1. Opening speech by the Chair

The ordinary general meeting being regularly constituted, the Chair, Mr. Emmanuel Sartorius, opened the meeting. He welcomed the recently arrived participants and announced the agenda.

2. Appointment of a Recording Secretary and a Scrutineer

Ms. Virginie Navailles, Director of Member Services, and Mr. Alex Corenthin, member of the International College, were respectively appointed Recording Secretary and Scrutineer

3. 2015 Annual Report

Mathieu Weill welcomed the participants, thanked them for their presence, and indicated how important it was for Afnic to facilitate the community of members. He welcomed the wide-ranging participation, a sign of the vitality of the Association.

He presented the outlines for 2015, an important year for which Afnic had results to show after a long investment cycle to launch new gTLDs.

Within the Association, there had been significant work at the Board level such as updating the Articles of Association and lowering the membership fees for registrars following discussions in consultative committees. All of the trustees had been heavily involved. Sometimes no agreement could be reached but the discussions within the Board on the future of the Association were serene, direct and constructive. Work was carried out within the Board and consultative committees about the long-term vision of the .fr TLD. This would be detailed later.

Growth remained positive at over 3%, a higher figure than the European average, but was slowing down. This was in line with forecasts. The growth was mainly due to a high renewal rate. The declining rate of new registrations was a watch-point. The .fr TLD remained dynamic thanks to the encouragement by the Réussir-en.fr campaign but the domain name product has reached maturity.

Réussir-en.fr consisted in the launch of a box with a community of stakeholders and partners that offer solutions and a newsletter for small businesses and young people. A series of initiatives had been created in connection with the campaign and were presented on June 9 at the Afnic Forum.

New .fr services had been launched in 2015: the registration of domain names with 1 or 2 characters, the opening of multi-year registrations at the end of June and the open data for the .fr TLD at year end, an important development because the use of the data was an important issue for many stakeholders. Very high expectations were also expressed by users.

In 2014, substantive work had been carried out for gTLDs. In 2015, major launches had taken place. At the end of 2015, 13 TLDs were in production. To date, there were 14. Three projects had been abandoned after the applications had been filed: .aquitaine after the French territorial reform, .bank and .canal+. The geoTLDs were already well on track and should maintain their community. Tangible work on the trademark projects had started. MMA had presented its global pioneer projects at Afnic forum. With nearly 70,000 domain names, Afnic ranked 12th among technical back-end registries worldwide.

2015 had also been marked by strong governance activity with a special consultative committee, and the organization of the French conference on the 10th anniversary of the WSIS. Mathieu Weill had also been heavily involved in ICANN reform work on the transfer of the IANA function. On 9 June, the proposals had been very favorably received by the Obama administration. The reforms were therefore very likely to be implemented. This would be a



major and historical change since the transition projects began in 1998: for example, it would deprive the government of its right to veto any modification to the .fr TLD.

Finally, 2015 saw the much-anticipated launch of the Afnic Foundation for Digital Solidarity to which Afnic allocates 90% of the profits from managing the .fr TLD. The endowment was € 1.4 million in 2014. Subject to approval of the financial statements, it would reach nearly € 4 million over the entire term of Afnic for the .fr TLD. The 1st call for applications was launched. Pierre Bonis would detail it later. The profits would be collective for Afnic and its members.

The main challenge for Afnic in 2016 was to be renewed as the registry for the .fr TLD. A public consultation has been launched by the Government on 7 June for a period of 30 days. Mathieu Weill encouraged everyone to share their analysis, comments and suggestions concerning the overall assessment of Afnic's term of office and also on the actions to be taken. At the end of this consultation, the Government would decide whether to extend Afnic's term of office directly or publish a new call for applications. All Afnic members have a role to play in promoting what Afnic represents, and should contribute in a constructive way. Afnic would be very attentive to the contributions published after the consultation. It would publish on its website its own contribution, mainly focusing on its own overall assessment.

The objective of returning to profitability achieved in 2015 was to be confirmed in 2016.

Operational excellence remained a challenge for 2016, i.e. to continue to improve the way Afnic worked, controlled costs, and optimized time on historical activities in order to deploy resources on new activities. As an association, Afnic could not finance the development of new activities by raising funds or borrowing. Resources therefore had to be generated by growth, which was slowing down, or by internal productivity gains. Afnic had been recognized for excellence the previous year and was continuing its efforts.

The final target for 2016 was related to on-line presence, the result of the strategic approach implemented in 2015 to take into account a number of changes in Afnic's environment and establish a balance complementary role with its historical activities. This objective was related to the lag among French SOHOs and SMEs in terms of their online presence. About 1 million of them were not online, which placed France in 24th position in Europe, a ranking totally disconnected from what France could and should do. This was an issue of general interest for individual users and companies, registrars in terms of market share to conquer and also for the State as it is the first task entrusted to the French National Council for the Digital Economy.

This was a cross-cutting issue common to the issues and expectations of all Afnic members. The Association had contributed to it in conjunction with others. The discussions had been rich during the Afnic Forum. It was essential to adopt the right instructional approach with these targets for which the domain name now came at the end of the process, after a Facebook page, a social network, SEO and a website if their business model worked properly. The value of the domain name remained strong in terms of its capacity to identify and build customer loyalty. The wide range of choices offered by gTLDs was expected, as



was platform independence, enabling migration and therefore SEO agility. Users were no longer tied to one platform.

A participant confirmed the interest of registrars with regard to platform independence. Customers were not always aware of what was involved by entering data - sometimes personal - on social platforms and networks. Information on these subjects was to be developed.

Another participant added that it was interesting to know the number of SOHOs/SMEs with websites, but the real challenge was to know how the sites were used.

Mathieu Weill answered that indeed one of the 1st actions to be taken was to collect field information on this transition to an online presence. There was a genuine lack of useful data that Afnic wished to pool and that would be valuable for everyone: professional associations, chambers of commerce and industry, registrars, users, etc.

4. Presentation of the Annual Accounts

Pascale Gatti presented the figures for 2015. The highlight of the year was the return to profitability with an accounting income of € 316,000. This result was achieved thanks to an increase of 700 K€ in revenue and especially thanks to a significant reduction in costs of 500 K€ compared with 2014.

The sharp reduction in costs was due to the continuing internal efforts in operational excellence applied to procurement as from 2013, and to the completion of the investment for the move and go-live of the gTLDs. The gTLDs continued to show a loss but the costs were better controlled and the return to a balanced budget was one of the association's goals.

Investments in infrastructure were continuing. IT costs were high but were recognized as operating expenses in 2015 and therefore no longer figured in the investments. The payroll had reached its critical size since 2014. Personnel expenses were contained, in line with Afnic's market and turnover.

The accumulated surplus had returned a good level, covering 11 months of personnel and rental expenses.

To summarize, 2015 showed growth of the .fr TLD, the build-up of the gTLDs and the commitment of every employee to operational excellence. The performance benefited customers and users and allowed Afnic to contribute to digital solidarity through the Foundation.

5. Statutory Auditor's Report

See the general report of the statutory auditor on the annual accounts closed on 31/12/2015 published on the Afnic website:



<https://www.afnic.fr/fr/mon-afnic/mes-documents/vie-associative/assemblee-generale/documents-preparatoires-4.html>

The statutory auditor, Mr. Christophe Rambeau, certified the annual accounts for 2015:

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| ✓ Balance sheet total | 21,005,268 euros |
| ✓ Income statement yielding a surplus of | 316,097 euros |

constituted a true and fair view of the financial position and assets of Afnic as of the end of the financial year.

Mr. Christophe Rambeau informed the Ordinary General Meeting of the conclusions of the statutory auditor's special report on regulated agreements for the previous financial year to be submitted for approval to the Ordinary General Meeting, pursuant to the provisions of Article L612-6 of the French code of commercial law.

Mr. Mathieu Weill, CEO of Afnic, was a director of the Netnod company, an Afnic provider. The amount allocated for same during the year was 936,000 Swedish kronas or 125,624,75 euros. The auditor had verified the consistency of the information with the source documents from which it derived.

A trustee thanked all the teams for the results that are encouraging and Pascale Gatti in particular. The latter shared these thanks with her team. The Chair also expressed his thanks to the accounting team and the Finance and Risk Management Committee.

6. Approval of the financial statements for 2015 and allocation to the "other reserves and working capital" item

In accordance with its Articles of Association, the General Meeting decided by a simple majority of the members present or represented.

Approval of the accounts for the 2013 financial period:

The General Meeting, having heard the report of the statutory auditor and the additional oral explanations provided, approved the financial statements as presented for the year ended December 31, 2014

The General Meeting gave discharge to the trustees for the performance of their duties during the past financial year.

→ The resolution was unanimously adopted

Allocation to the "other reserves and working capital" item:

The General Assembly, on the proposal of the Board of trustees, made the following decisions:

- ✓ *Allocate to the "other reserves and working capital" item the net loss of € 188,494.*

→ The resolution was unanimously adopted



7. Afnic Foundation for Digital Solidarity

Pierre Bonis said that 2015 was the year of the actual implementation of the Afnic Foundation for digital solidarity. The executive committee met for the first time in June 2015. The Foundation then set up an expert team in the fall to begin preparing the calls for projects. The executive committee consisted of 6 Afnic representatives: Lala Andriamampianina, David-Irving Tayer, Eric Lantonnet, trustees; Emmanuel Sartorius, Chair of the Board of trustees; Marine Chantreau, deputy CFO; Mathieu Weill, CEO and three qualified persons: Jean-Michel Hubert, Chair of the Executive Committee of the Foundation, Jean Pouly and Florence Presson.

The operational team consisted of Isabel Toutaud, Afnic Legal Affairs Director and Denis Pansu, coordinator of the calls for projects and creator of the "Carrefours des Possibles" initiative. They were supported by a team of three experts to analyze the projects submitted.

The 1st call for projects was launched in March 2016 on the following topics:

- ✓ Training to develop an Inclusive Internet
- ✓ Transforming organizations and places
- ✓ Digital technology in support of societal changes
- ✓ Digital technology to strengthen social cohesion
- ✓ Digital technology central to change in solidarity mechanisms

227 applications were received in just over a month. The Foundation had achieved its goal of touching partners in the field with responses from over 200 associations, but also stakeholders from the social and solidarity-based economy and 2 public institutions.

The 1st supported projects would be announced shortly. These projects were the most mature and immediately fundable since there was no support work to do, or discussions about the soundness of the business model.

The team of experts would carry out substantive work on the 220 remaining files by November, convene project backers so they could meet and perhaps share their projects to give them more impact. All of the information and details about the calls for projects are available on the website www.fondation-afnic.fr.

A participant enquired about the amounts allocated per project. Pierre Bonis replied that he was not part of the executive committee and did not know these items of information but it would be difficult to finance projects under € 2,000 given the examination time and costs for each file; on the other hand projects over € 200,000 would drastically limit the number of projects that the Foundation would be able to support given its overall budget. The goal was to support as many projects as possible throughout the country.

The Chair added that the Foundation was in its launch phase. The executive committee was setting up its working method. The executive committee welcomed the success of the 1st call for projects. It made it possible to have an idea of the type of candidate projects and the amounts requested and thus construct a set of precedents.

Another participant asked whether certain themes had been the subject of more applications than others. Mathieu Weill replied that there was no serious lack on any theme. However no files at all were received from certain French regions. This would be part of the overall assessment of the 1st call for applicants to identify the expectations and the types of projects involved.

The Chair emphasized the work of Isabel Toutaud and Denis Pansu.

8. Election of the trustees representing registrar members, user members, and international correspondent members

Georges Fischer read out the report of the application validation committee consisting of himself as Chair, Frédéric Guillemaut as elected representative and Geoffroy Hermann as appointed trustee.

The committee had received 9 applications. All of the candidate registrars had submitted complete application files, all the applications were considered admissible.

It was the same for the 3 applications from users and Lala Andriamampianina, the candidate for the international college.

The committee reviewed the statements of interests of the applicants. Email exchanges took place with the candidates when necessary to clarify and/or supplement the statements of interests. All had provided additional information, except the Namebay registrar who was asked to add in his statement that Namebay was an affiliate of the Nameshield group which markets technical back-end solutions in direct competition with Afnic. This information had not been added to the statement before publishing. 4X were also asked to detail the nature of their activities which had been stated in very technical terms.

The candidates took the floor for a few minutes to express their motivation and intentions if elected.

The Chair thanked outgoing Board members for their commitment and congratulated the elected members. He also thanked the candidates and participants to the meeting.



There being no further items on the agenda, the meeting ended at 12:30.

Drawn up this day in Saint-Quentin-en-Yvelines, on June 10, 2016.

Emmanuel SARTORIUS
Afnic Chair

Second signatory
member of Afnic

Virginie NAVAILLES
Recording Secretary

