

*Annual General
Meeting*

6 June 2014

afnic

Afnic members met on June 6, 2014 at 10:00 a.m. at the Centre de Conférences Étoile Saint Honoré, 21-25 rue Balzac, Paris 8ème for their combined general meeting.

Notice of the meeting, which included the agenda, had been sent electronically to all the members on May 16, 2014.

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

AGENDA OF THE ANNUAL GENERAL MEETING

1. Opening speech by the Chairman
2. Appointment of a Recording Secretary and a scrutineer
3. 2013 Annual Report
4. Presentation of the Financial Statements
5. Statutory Auditor's Report
6. Approval of the financial statements for 2013 and appropriation of income
7. Creation of an Afnic Foundation to support the development of the Internet
8. Election of the second representative of registrars to the Board of Directors

AGENDA OF THE EXTRAORDINARY GENERAL MEETING

1. Modification of Afnic's articles of association in order to establish the Support fund for the development of the Internet (FSDI)

Attendees

On entering the meeting room, each member signed an attendance sheet, available at the Afnic's Member Services department.

48 members were present or represented, including 42 entitled to take part in the voting.

3 founding members, represented by 2 Board members:

- ✓ INRIA, represented by Mr. Emmanuel Sartorius, Chairman of the Board
- ✓ The Ministry of Industry, represented by Mrs. Mireille Campana, having mandated Mr. Geoffroy Hermann



- ✓ The Ministry of electronic communications, represented by Mr. Geoffroy Hermann

13 registrar members:

- ✓ Alienor.net, represented by Mrs. Agnès Passault, having mandated Mr. Eric Lantonnet
- ✓ Business Domains, represented by M. Fabien Riehl
- ✓ Domaine.fr, represented by M. Syamak Bavafa, having mandated Mr. Eric Lantonnet
- ✓ Epistrophe, represented by Mr. Philippe Batreau
- ✓ France Télécom Orange, represented by Mr. Didier Delabre, having mandated Mrs. Sophie Jean-Gilles
- ✓ Gandi, represented by Mr. Stephan Ramoin, having mandated Mrs Sophie Jean-Gilles
- ✓ MailClub, represented by Mr. Frédéric Guillemaut
- ✓ Namebay, represented by Mr. Eric Lantonnet
- ✓ Nameshield, represented by Mr. Jean-Paul Béchu, having mandated Mrs. Emmanuelle Heleux
- ✓ Ordipat, represented by Mr. Olivier Barloy, having mandated Mrs. Sylvie Destenave
- ✓ SDV Plurimedia, represented by Mr. Michel Landaret, having mandated Mr. Benjamin Louis (*non-voting*)
- ✓ SFR, represented by Mr. Serge Ribeiro, having mandated Mrs. Virginie Navailles
- ✓ Viaduc, represented by Mr. Mickael Esnault, having mandated Mrs. Emmanuelle Helleux

5 user members, legal entities:

- ✓ ACFCI, represented by Mr. Thierry Hinfray
- ✓ Association Point BZH, represented by Mr. David Lesvenan
- ✓ Bibliothèque Nationale de France, represented by Mr. Clément Oury, having mandated Mrs. Annick Le Follic
- ✓ CIGREF, represented by Mr. Jean-François Pépin, having mandated Mr. Thierry Hinfray
- ✓ INPI, represented by Mrs. Michelle Pagès

6 individual user members:

- ✓ Mr. Sébastien Bachollet
- ✓ Mrs. Yinglu Liu, having mandated Mr. François Vigneron (non-voting)
- ✓ Mrs. Elisabeth Porteneuve
- ✓ Mrs. Rina Singer, having mandated Mr. David-Irving Tayer
- ✓ Mr. David-Irving Tayer
- ✓ Mr. François Vigneron

4 honorary members (non-voting):

- ✓ Mr. Jean-Yves Babonneau, former CEO of Afnic
- ✓ Mr. Jean-Claude Gorichon, former Chair of Afnic
- ✓ Mrs. Annie Renard, former CTO of Afnic
- ✓ Mr. Pierre Vassout, former staff member of Afnic

17 corresponding members : International College

- ✓ AGNIC, represented by Mr. Abdoulaye Diakité
- ✓ ARCEP Burkina Faso, represented by Mr. Serge Roland Sanou
- ✓ CAMTEL, represented by Mr. Oumarou Mounpoubeyi
- ✓ CDNIC, represented by Mr. Chris Kamukoko Tshimanga
- ✓ Centre Resautic, represented by Mr. Nicolas Raft Razafindrakoto
- ✓ Comores Télécoms, represented by Mr. Ali Hadji MMadi, having mandated Mr. Alex Corenthin
- ✓ Communication and Information Institute, represented by Mr. Vojo Spahiu
- ✓ IT-NUM, represented by Mr. Wilfried Quenum
- ✓ INPHB, represented by Mr. Souleymane Oumtanaga
- ✓ National Information Technology Agency, represented by Mr. Eric Akumiah
- ✓ NIC Madagascar, represented by Mr. Lala Andriamampianina,
- ✓ NIC Mauritanie, represented by Mr. Ahmedou Ould Haouba
- ✓ NIC Niger, represented by Mr. Adamou Iro



- ✓ NIC Sénégal, represented by Mr. Alex Corenthin
- ✓ NV Consulting, represented by Mr. Victor Ndonnang, having mandated Mr. Oumarou Mounpoubeyi
- ✓ SAN, represented by Mr. Agim Cami
- ✓ SOTEL, represented by Mr. Albéchir Djékalé Koumdé

Other participants:

- ✓ Mr. Christian Detré, auditor
- ✓ Afnic: Mr. Mathieu Weill - CEO, Mr. Pierre Bonis – Deputy CEO, Mrs. Virginie Navailles – Member Services, Mrs Isabel Toutaud - Legal, abuse and dispute resolution Mamanger, M. Julien Naillet – Communications Director.

Minutes

1. Opening speech by the Chairman

The Annual General Meeting being regularly constituted, the Chairman, Mr. Emmanuel Sartorius, opened the meeting. He welcomed all the participants and introduced himself to those members who did not know him yet, reminding them that he had been elected at the meeting of the Board of Directors held after the Annual General Meeting of June 7, 2013, to replace Jean-Pierre Dardayrol who did not wish to renew his mandate.

The Chair emphasized the specificity of this year's agenda, as it included an annual general meeting and an extraordinary general meeting to decide on the amendment of Afnic's Articles of Association in connection with the establishment of the Support fund for the development of the Internet (FSDI) following an initial extraordinary general meeting held on May 15, 2014 that did not meet the quorum. The FSDI being on both agendas, the extraordinary general meeting would be held before the subject was addressed in the annual general meeting for reasons of organization and consistency in the discussions.

2. Appointment of a Recording Secretary and a Scrutineer

Ms. Virginia Navailles, Director of Member Services, and Mr. Sébastien Bachollet, member of the Board, were respectively appointed Recording Secretary and Scrutineer

3. 2013 Annual Report

2013 was a year of hard work and changes for Afnic. The 5 priorities set for 2013 were: to maintain the preference for the *.fr* TLD, develop and prepare the operation of the various TLDs including the gTLDs, invest to enhance service resilience, innovate and prepare for the launch of the FSDI, all combined with the challenge of transforming Afnic in terms of operational excellence, i.e. the way it is organized, how it works and how its teams operate.

The key feature of the *.fr* TLD was the slowdown in its momentum of growth, which did not come as a surprise. As with all products and services that have had a 2-digit growth for several years, the *.fr* TLD was experiencing a slowdown. In addition, 2013 was a rather special year as no wide-reaching measures were taken to promote the *.fr* TLD. The reason is that the development strategy for the *.fr* TLD required by the Agreement with the State was only approved by the Minister in July 2013. It targets young people, SMEs and VSEs. Tenders have been issued, and communication agencies have been selected. The effects should begin to be felt in the second half of 2014

In 2013, Afnic nevertheless maintained its "routine" promotional operations. Growth was 8%, which still positioned the *.fr* TLD among the 5 most dynamic TLDs in Europe in terms of net balance (creations each month), when many ccTLDs had zero growth or a growth rate of less than 1%.

In addition, a decision of the State Council rescinding the former legal framework delayed a number of projects of the *.fr* TLD, since the naming policy and all the regulations had to be notified to the European Commission. The latter approved the texts in February 2014. Afnic is awaiting the validation of a decree to publish the new naming policy and launch new services on the *.fr* TLD.

The *.fr* TLD continued to gain market share, especially in relation to the *.com* TLD. To date, Afnic had no information showing the future impact of the gTLDs on the market share of French domain names since the first gTLDs to be launched were generic terms.

Mathieu Weill recalled that 17 gTLD applications had been filed in 2012 for trademarks, as well as for geographic and generic TLDs. The great satisfaction of Afnic for 2013 was that no application had been abandoned and they had all obtained technical accreditation.

In early 2014, Afnic became a multi-registry ccTLD and gTLD operator with the inclusion of the *.frogans* and *.paris* TLDs in the root zone. Significant efforts for recognition and accreditation by ICANN were made in 2013 by all Afnic teams, who considered both to be the culmination of long processes that had started several years previously, namely in 2004 for the *.bzh* TLD and in 2007 for the *.paris* TLD. Afnic had invested heavily and now had to make these projects commercially successful. In accordance with the covenants in the State – Afnic agreement, Afnic had also invested heavily in enhancing the infrastructure by deploying the services of its new data center in Marseille.

In terms of operational excellence, Afnic continued to make sure it kept close to registrars, the key partners for developing the *.fr* TLD and gTLDs. The annual satisfaction survey shows that Afnic continued to improve in 2013 with 99% of respondents stating they were satisfied or very satisfied. However, a number of things required further work such as the customer extranet, the revision of certain procedures and the provision of new services as soon as the naming policy has been notified.



Afnic was well positioned in the benchmarks. It had adopted a structured approach to operational excellence based on the model of the European Foundation for Quality Management (EFQM), and hoped to acquire outside recognition of same in 2014.

2013 was also marked by the work on Afnic's new premises. Since the move on 31 March 2014, Afnic's new premises had already been used to host the board of directors, the annual meetings of the International College and nearly 150 of its counterparts at the CENTR Jamboree. Afnic hoped to receive its members in the fall of 2014 during the inauguration in the presence of the minister.

As part of the move, the organization of Afnic was revised in tune with the introduction of the gTLDs, resulting in new business lines and changes to others. The Association had had to adapt to its changed business model: 90% of the profits of the *.fr* TLD being transferred to the FSDI, the gTLDs had to generate income and become profitable. The organization set up included 6 directors in addition to the CEO: Pierre Bonis, Deputy CEO, in charge of the legal and communication departments and services to members; Pascale Gatti, Finance and Administration manager; Régis Massé, Technical Director; Emilie Turbat, Director of Sales; Matthew Crédou, Marketing Director; Sylvie Lacey, Excellence and Security Director.

Jean-Yves Babonneau was surprised that the people who started Afnic were no longer in the organization presented and that he did not know the new directors with the exception of Sylvie Lacey. In reply, Mathieu Weill said that people with high seniority were still in the organization, even though Afnic was experiencing a normal rate of departures, including those due to retirement. In addition, Afnic's headcount had more than doubled since 2007 and the vast majority of staff had arrived during the last 5 years. It was therefore normal that some new responsibilities had been entrusted to employees who had joined the Afnic more recently.

Philippe Batreau asked whether the renewal method for managing the *.fr* TLD would be through a call for applications, or if a more permanent appointment could be considered. Mathieu Weill replied that the legal framework had not changed, the manager of the *.fr* TLD was appointed for 5 years and could be renewed once. This was specified in the order that had just been passed and there was no indication that this would change. Elisabeth Porteneuve congratulated Afnic on its new premises and on using them to hold an international event, and supported the organization of events in companies and not necessarily in Paris. Mathieu Weill said that Afnic could not host all CentT workshops but wanted to organize an event in its premises. From now on General meetings would take place in Afnic's premises.

4. Presentation of the Financial Statements

The General Meeting folder contained a draft resolution to approve the 2013 financial statements which would not be put to the vote. The reason was because in June 2013 Afnic had introduced an advance tax ruling procedure to confirm how the tax treatment of payments made to the FSDI should be interpreted. Pending the reply from the tax authorities, the 2013 financial statements had been prepared and approved on the basis of a notice of acceptance from the authorities. Unfortunately the reply from the tax authorities, received on 4 June 2014, was negative. It required the revision of the 2013 financial statements which therefore could not be submitted to the Meeting for approval.



The impact mainly involved the amount paid to the FSDI. The financial statements for 2012 and 2013 would therefore be revised as soon as possible and submitted to the Board of Directors in September 2014 and then to the vote of a general meeting to be held after the consultative committees of 7 October 2014.

However Pascale Gatti presented the condensed balance sheet and the operating results. Income was up by 4.5% in relation to 2012, to stand at € 13.8 million. Turnover had increased but was slightly below expectations due to the slowdown in the growth of the .fr TLD. Operating expenses before FSDI amounted to € 13.2 million (+21%) as Afnic had invested heavily in 2013 to launch the gTLDs. The operating result before tax remained positive at around € 0.5 million. The remaining results after tax and FSDI would be reworked and presented to the General Meeting to be held on 7 October 2014.

The costs of the new gTLD business amounted to € 1.7 million, or 12% of operating expenses. In 2013, the turnover in gTLDs was very low. It would grow in 2014 with Afnic's sustained development of the business and was expected to grow more significantly in 2015.

The investments had been significant in 2013, in particular to provide for the implementation of the gTLDs and the consolidation of the infrastructure, allowing Afnic to become a multi-registry operator. They broke down as follows: 60% for ccTLDs and 40% for gTLDs.

Headcount was increasing with skills in line with Afnic's development through 14 recruitments (technical, marketing, commercial, administrative staff) and 8 internal transfers. The Association having reached the headcount required for the scope of its activity, the high numbers of recruitments observed in recent years would decrease.

Earnings before FSDI were positive. Pre-tax accounting income showed a loss and would continue to do so after the accounts has been revised. The ratios between the accumulated surplus and cash flow showed that Afnic's prudential management allowed further investment in its new challenges.

Pending the decision of the tax authorities, the effects of both two tax treatment solutions for the FSDI had been included in the notes to the accounts. If the payment to the FSDI had been considered as a fully tax deductible expense, it would have amounted to approximately € 1.4 million for 2012 and 2013, otherwise about a third of this amount would be paid as additional corporate income tax and the payment made to the FSDI would be about € 970,000.

The loss was consistent with the multiannual plan submitted by the Association in 2012 and did not jeopardize the return to a balanced budget scheduled for 2015. This change was necessary for Afnic to achieve its development into a multi-registry operator, while meeting its commitments vis-à-vis the French Internet community through the FSDI.

Sébastien Bachollet noted it was never easy to have to approve accounts showing a loss for the first time and that it seemed obvious that Afnic had made all the necessary investments for the gTLD launch to run as smoothly as possible, and added that there was still work to be done for the Return On Investment to meet expectations and achieve the return to a balanced budget in 2015 as planned.

5. Statutory Auditor's Report

As the approval of the financial statements had to be postponed, the report had not been submitted.

6. Approval of the Financial Statements for 2012 and Appropriation of Operating Surplus

The Chair proposed to go directly to item 7 on the agenda as the accounts could not be approved as they stood.

7. Creation of an Afnic Foundation to support the development of the Internet

Pierre Bonis recalled the decision of the General Meeting held in June 2013 to entrust the management of the FSDI to an independent foundation of Afnic whose scope could be slightly larger than that mentioned in the State-Afnic agreement i.e. only involve research projects.

Afnic had initiated discussions with the Fondation de France, whose scope was general purpose. The latter suggested creating an Afnic foundation to implement the fund, which would come under the umbrella of the Fondation de France, which would mean that the Fondation de France would be legally responsible for the foundation.

Afnic and its members would continue to be the decision-makers in specifying the foundation's priorities, the method used to launch calls for proposals and the fund allocation process. Insofar as it would be managed by the Fondation de France, the FSDI had to be in line with Fondation de France's purpose of fostering solidarity and social inclusion, and therefore would have to focus on work involving solidarity, social inclusion, education and digital research. Depending on the projects, potentially Afnic would therefore be able to contribute to all of the issues involving the development of the Internet in France. Obviously, however it would not be able to finance policies involving its core business since it had its own R&D and transfer activities.

The 2 methods that could be implemented to use the funds would be to allocate grants to project leaders, or create scholarships or support grants.

Afnic had also discussed with State officials to determine to what extent the scope of the FSDI could be modified in the agreement. After the texts had been submitted to the European Commission, the agreement had to be re-signed. The proposal had therefore been well received and the principle of expanding the fund had been accepted and would be validated when the Convention was re-signed in late 2014.

The FSDI, with its wide scope of action, had to be consistent with the missions of the Fondation de France but also with those of Afnic, which required a change in the purpose of the Association as set forth in Article 2 of its articles of association (the subject of the day's extraordinary general meeting).

Following the modification of Afnic's purpose by the extraordinary general meeting, the next steps would be the adoption by the annual general meeting of the principle of creating the Afnic Foundation under the umbrella of the Fondation de France, the completion of negotiations with the Fondation de France before September in order to submit the draft for the FSDI to the Board of Directors of Fondation de France for approval in principle in September, and then sign the agreement with the State and have the FSDI regulation validated by the Minister before November in order to make the first payment corresponding to the financial statements to be validated at the next General Assembly in October, and officially launch the FSDI in November when the premises are inaugurated in the presence of the Minister.

Jean-Claude Gorichon inquired about the geographic scope of the fund. Pierre Bonis replied that the fund would finance projects in France (metropolitan France and overseas) in accordance with scope of action of the Fondation de France

François Vigneron asked how the decision to have the foundation hosted by the Fondation de France rather than creating an independent Afnic foundation had been made. Pierre Bonis replied that it had rapidly become clear that to ensure the independence of the foundation an "umbrella" foundation was required. There were a few dozen such umbrella organizations in France, generally of public interest. Independence was guaranteed by the fact that legal responsibility for the fund lay with the Fondation de France. The question was then raised whether the fund's purpose should only be "research". Since its purpose was much wider, the Fondation de France was the only foundation that could serve as an umbrella for a general-purpose fund.

Emmanuel Sartorius added that creating an independent foundation was a very complicated legal and administrative process, especially if it sought to be recognized as being of public interest; in addition it involved creating its own administration, which was expensive and would hinder the sums allocated to the FSDI. The solution of a hosted foundation seemed the fastest from an operational point of view and the most effective in terms of financial performance, offering every requisite guarantee of independence.

Elisabeth Porteneuve asked what would be the hosting costs and the decision-making process for allocating funds. Peter Bonis said that the costs could range from 5 to 16% of all payments, depending on the services requested of the Fondation de France. For Afnic, the management cost was likely to be around 15% as it was preferable for the Fondation de France to make up the expert committees and issue the calls for tender to ensure independent allocation of the funds. If Afnic had to do that with in-house resources, it would have to hire staff and that would cost well over 15%.

The selection process would be a conventional: call for projects, reviewed of by a selection committee, with recommendations to the executive board of the foundation and a decision to allocate funds. Since the purpose of the fund was wide-ranging, Afnic would decide in conjunction with the ministry whether the calls for projects should be on a specific theme for each year or multi-thematic.

To ensure the fund's independence, it was important that the Fondation de France took care of organizing the calls for tenders, compiling and reviewing the files, preparing the rate scales and allocating the funds. It was important for all of the stakeholders. The profits generated by the .fr TLD, operated by Afnic in the interest of the French Internet community would be reinvested in fundamental awareness-raising issues that develop its ecosystem including in areas far-removed from its core business. Thanks to the foundation, Afnic would



reinvest for instance to equip schools and initiate projects in disadvantaged neighborhoods, which were essential for growing roots to its ecosystem.

The Chair opened the extraordinary general meeting to vote on the amendment of the articles of association. The designated secretary and scrutineer were the same as for the annual general meeting. Pierre Bonis stated that the amendment of the articles of association consisted in adding a fourth paragraph to Article 2. Virginie Navailles noted that there were 42 members present or represented and that to amend the articles of association 3/4 of the votes were required.

Modification of afnic's Articles of Association with a view to establishing the support fund for the development of the Internet (FSDI)

To encourage the development of the Internet in France, the Association aims to:

- ✓ *Attribute and maintain Internet domain names as referred to in the L.45 article of the French Post and Electronic Communications Code*
- ✓ *Develop support services for the applications of the Digital Economy and their supply to service providers*
- ✓ *Transfer its knowledge and know-how on a national and international level*
- ✓ *Support, through the creation of a fund or of any structure directly or indirectly managed:*
 - *The development of the Internet, awareness and teaching in Internet use*
 - *Its promotion and better knowledge in France.*
- ✓ *Any other role assigned to it by the public authorities to manage the Internet.*

→ The resolution was approved with 41 votes in favor and one vote against

The Chairman closed the extraordinary general meeting and reopened the annual general meeting to vote on the creation of Afnic foundation to support the development of the Internet.

Creation of an Afnic Foundation to support the development of the Internet

Having regard to Article 2 of the Articles of Association,

Having regard to Article 9 of the State-Afnic Agreement on the management of the top-level .FR domain and the contribution process to the FSDI,

Having taken note of the state of discussions between Afnic, the State and the Fondation de France for the creation of a foundation under its umbrella entitled "Afnic Foundation to support the development of the Internet",

The general assembly authorizes, subject to the completion of the negotiations initiated between Afnic and the Fondation de France, the creation of an Afnic foundation under the latter's umbrella, the purpose of which is to support the development of the Internet in France, financed by an annual payment in compliance with the Sate-Afnic agreement.

→ The resolution was approved with 41 votes in favor and one vote against

Elisabeth Porteneuve inquired about the amount paid to the FSDI and asked whether the maintenance of the financial resources required by Afnic's activities would be guaranteed after payments to the FSDI had started and whether the fund could be closed should Afnic be unable to finance it for several years in a row. Mathieu Weill replied that amounts were around € 1 million for 2012 and 2013 and just under € 1.5 million for 2014.

Pierre Bonis replied that the articles of the Fondation de France provided for the closure of a foundation under its umbrella. The payments had to be at least € 400 k over 3 years and the foundations were created for a maximum period of 3 years after which a decision about their renewal had to be taken.

8. Election of the second representative of registrars to the Board of Directors

Emmanuel Sartorius recalled that at the time of the election held in June 2013, Ascio represented by Eric Lantonnet was elected as representative of registrars to the Afnic Board of Directors. Following the departure of Eric Lantonnet from the Ascio company, the latter had informed the Chair of its decision not to appoint a new representative. In accordance with Afnic articles of association, as one of the two positions of representative of registrars had been vacant for more than two months, the college had to organize an election.

Jean-Claude Gorichon read the minutes of the Application Validation Committee, consisting of himself, Stéphane Ubéda and David-Irving Tayer, both of them being members of Afnic Board of directors. The committee had received in due time the applications of Namebay, represented by Eric Lantonnet and Epistrophe, represented by Philippe Batreau.

The applications contained three (3) documents: their credo, the statement by the representative of the registrar and the mandate given to their representatives by the management of the 2 companies. After reviewing the documents and interviewing both candidates, the committee had considered the applications to be eligible and validated them.

The two candidates had been invited to orally submit their credo and to answer any questions from the floor.

Virginie Navailles recalled the voting procedures, as stated in Article 3 of the rules of procedure. The "Users" and "International" colleges left the room so that the election could be held.

Namebay was elected after the first round of voting with 11 votes against 1 for Epistrophe, out of 12 voters, to take over the mandate held by Ascio until the general meeting of June 2016.

After the vote, the General Meeting met again and Sébastien Bachollet announced the result. The Chair thanked the two candidates, congratulated Namebay on its election and closed the Annual General Meeting, there being no further items on the agenda.