



NOMINET

Dear Member,

I would like to provide an update on our work since the EGM.

I feel I should begin by acknowledging the degree to which trust has broken down between many members and the organisation. Although I am relatively new to Nominet, I recognise that the root cause dates back many years. While we can't change the past, I hope we can all consider last week's EGM an opportunity to reset and begin rebuilding the relationship between membership and Nominet.

In my view, the only way to do so is for us to be as open and candid as we can. We must show we are following through on our commitments, listening to your concerns, and, of course, acting in the best interests of the company to deliver on our obligations to the public.

Prior to the EGM, we announced a 7-point plan. We believe that many of the elements of this plan start to address members' concerns. However, we recognise that the 7-point plan falls short of member expectations in certain key areas. We will seek further input from members and will take additional steps.

With this in mind, I wanted to report on the actions we have taken since the EGM:

First, we are launching an accelerated, deep listening exercise among all of our members and stakeholders to inform deliberations as we consider Nominet's future. We have asked an external firm to lead this work to ensure it is independent and completed rapidly. The exercise will include quantitative and qualitative research, which we expect will take 6-10 weeks. We will make the findings public.

Since the EGM, we have had a number of discussions with key stakeholders including members, government, and employees. Drawing on those conversations as well as issues raised by Simon Blackler on publicbenefit.uk as well as comments from [Tucows](#), the [ICA](#), and our 7-point plan, some of the topics we want to explore through the listening exercise include:

- **Determining what Nominet's future structure and shape should look like.** While our registry will continue to be our top priority, our activities also include important security capabilities that support the registry and protect the

government's digital infrastructure. Last week, we heard from government who emphasised the criticality of all of those services. We believe those capabilities are integral to the public benefit we provide, so we want to develop a refreshed structure that protects that capability while addressing members' desire for Nominet to focus more on its core activities. We would like to hear more from our members and stakeholders on how to strike the right balance. We recognise that members have concerns about the diversification strategy Nominet has pursued in the past, so we will suspend any M&A activity until we define Nominet's future shape.

- **Maximising our approach to public benefit.** We would like members to consider our public benefit activities more broadly than simply our cash contributions, but we also want to ensure our social programming remains significant and growing. We will set a minimum target level for our cash contributions to 10% of annual revenue, and we hope to increase the absolute amount in real terms, but that will require Nominet's revenue to grow accordingly. Again, we would appreciate member input.
- **Understanding how to utilise our reserves.** We have built substantive reserves to protect our core registry service, and we need to maintain such reserves at the right level, but we acknowledge that some members believe they have grown too large. In the next 36 months, we will draw on reserves for approximately £20 million for major investment in our technical registry infrastructure. We are eager to hear ideas on how to best utilise the remaining available reserves to support our wider purpose.
- **Developing a new approach to member engagement.** It's obvious our approach hasn't been working, and members have felt disengaged. We recognise that it's essential that members and other stakeholders have more opportunities to influence decision-making and effect change. A group of members is progressing the new Registry Advisory Council (RAC), and we expect it to launch in June. We are also launching a search for a new head of member engagement. This new senior hire will provide a dedicated, full time focus, building on the work done by the current team to ensure a robust dialogue on substantive issues and critically feed these perspectives into the Board.
- **Considering what "membership" means.** There have long been discussions of breaking the link between discounts and membership. In Sir Michael Lyons' report, he suggested encouraging membership to evolve to "a much bigger constituency of households, communities and businesses." We would like to understand members' current view on this question.
- **Designing "the forum" for the future.** We are acutely aware that the closure of the member forum was a flashpoint. We have promised to create a new forum, and we will. We welcome your views on what would best address members' needs.

Turning to the Board itself, our governance model requires a balance between executive directors, appointed non-executive directors, and elected non-executive directors. This was one of the measures put in place following the Garrett review and has been part of our model ever since. Therefore, to maintain an executive presence, ensure the Board keeps a strong connection with staff, and provide sufficient capacity for committee activities, we have appointed CIO Adam Leach and Company Secretary Rory Kelly to the Board.

We have also asked a highly regarded search firm to lead recruitment of a new CEO, Chair, and appointed non-executive director. Our own bylaws and corporate governance standards require that we follow a robust process, and so we will therefore run the Chair search in line with the best practice from the Office of the Commissioner for Public Appointments. There are also key skills we need. For example, a Remuneration Committee chair with appropriate experience in order to address member concerns on executive pay. We are also conscious that the Board as it is now constituted lacks diversity, and we have instructed the search firm to prioritise that consideration. We are confident that we can refine the searches in the coming weeks as we begin to hear results from the listening exercise. We expect the searches to take 3 to 6 months.

Since the EGM, I have personally had several constructive conversations with Simon Blackler, Sir Michael Lyons and Axel Pawlik. I am pleased that there seems to be plenty of common ground amongst us.

I have offered Axel a role as an advisor to the Board as we embark on the listening process outlined above and invited him to participate in the RAC design group. Axel has decided to decline this offer, and our conversations with him, Sir Michael, Simon Blackler and others about future Board composition continue.

Finally, as part of our contingency plan, we named Eleanor Bradley to the role of interim CEO for approximately 6 months while we conduct a search for a permanent replacement. Ellie runs Nominet's registry operation and has a huge depth of knowledge about the industry. We have asked her to ensure Nominet maintains operational stability for members. Given the absolute confidence she enjoys among staff and her deep operational knowledge, we are confident this move is the best way to do so. In keeping with last week's vote, she will not take up a Board seat.

To summarise, our focus for the coming weeks will be to look critically at the strategic shape of the business. We will use the results of the listening exercise to inform our considerations.

In the meantime, we are grateful for the patience of our members and other stakeholders as we continue to pursue change, balancing speed and prudent decision-making as best we can.

It is vital that we maintain regular communications, so we will provide members and stakeholders with regular updates. In the meantime, I hope you will get in touch with me or another member of the Board if you have any questions, suggestions, or concerns.

Many thanks,



Rob Binns,
Acting Chair, Nominet