

BERRRef
YourRef

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Dear Bob

I was most grateful for you and senior members of your team finding the time to visit BERR on 8 September in response to my request for a meeting. I found our discussion very helpful in understanding the present direction of the company.

We discussed the history of Nominet and its organic growth from an early initiative by some of the UK's internet pioneers. The domain name system is, of course, a crucial element in the internet economy. In this context, I noted that many countries regarded their country code as a national asset, the management of which required the direct involvement of Government.

In the UK, the development of Nominet has been seen, to date, as a good example of the self-regulatory approach that the Government favours. It is important that self-regulation in the industry is effective and clearly reflects and, where appropriate, protects the diverse range of end-user interests.

We therefore discussed how self-regulation was meeting these goals. We acknowledged Nominet's dispute resolution procedure as a way of helping to protect rights. We noted your personal commitment to the continued development and enforcement of industry standards and best practice through the industry. We also acknowledged the role of the PAB as a forum for the Membership and other stakeholders to input to the identification of best practice and the development of company policy. We saw the policy development process and the mechanisms for developing consensus as crucial and wondered whether the company could usefully review how this works to ensure that interests from outside the domain name sector

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are properly addressed. We noted Nominet's corporate contribution in the field of public policy and we saw the efforts of Nominet to focus a strong UK input into the Internet Governance Forum and the role of the Nominet Foundation as examples of showing a positive lead.

At the conclusion of our meeting, I was left with unresolved concerns about how Nominet's constitution and structure addressed its responsibility to stakeholders other than its Membership and I suggested that the best way to address those concerns might be for me to write to focus these concerns into some specific questions. This would give you the opportunity to expand on the points made at our meeting so that we may better understand the issues. With that greater understanding, we will be able to advise Ministers if there is a problem and what solutions are available.

The questions are as follows:

How far do Nominet's constitution and board structure follow accepted best practice in terms of corporate governance as set out in the combined code?

How effectively does the company ensure that the directors of the company reflect the wider stakeholder interest ?

In particular, how does Nominet ensure the continued development and evolution of industry self regulation in order to protect wider stakeholder interests?

What arguments would you employ to convince my Ministers that the present relationship between Government and the company is appropriate in ensuring that public policy objectives in relation to the management of the domain name system and the standing of the UK in the internet community are understood and taken into account?

Are there any actions that either the company or the Government – individually or together – might take in the short term to address any of the concerns identified in relation to the above questions?

It would be useful if, in answering these questions, you could draw on independent expert advice to ensure effective benchmarking against good corporate governance standards adopted by other companies operating key national infrastructure and international best practice.

*Yours sincerely
David*

David Hendon
Director Business Relations 2