

Hong Kong Internet Registration Corporation Limited

Sustainability Report 2012

Foreword

Hong King Internet Registration Corporation Limited (HKIRC) was established in December 2001. HKIRC is a non-profit-distributing, non-statutory, company limited by guarantee designated by the Government of the HKSAR to undertake the administration of internet domain names under ‘.hk’ country code top level domain and its equivalents. HKIRC provides registration services through its wholly-owned subsidiary, Hong Kong Domain Name Registration Company (HKDNR), one of the HKIRC accredited registrars, for domain names ending with .hk and .香港.

‘.hk’ is a critical internet infrastructure in Hong Kong, therefore, the Company’s sustainability is very important to the local Internet community. In the past ten years, HKIRC has endeavored to serve the general public in Hong Kong by providing robust domain name services. The Company has expanded from 10 staff from the very beginning to a total of 26 permanent staff nowadays. And the number of domain names grew from 68,206 in Jan 2004 to 229,036 in December 2011. We are committed to promoting sustainability in our community, our environment and our people.

As the only company in Hong Kong undertaking the administration of internet domain names under ‘.hk’ county code top level domain and its equivalents, HKIRC is committed to showing leadership in the domain name industry and corporate social responsibility. In order to ensure that all our activities can achieve business, economic, social and environment sustainable, our strategies for sustainable development specifically address to our community, our people and our environment. They aim to:

- provide robust services to ‘.hk’ domain name holders
- promote a green environment in our company and in our operational practices
- participate in local charities initiatives and contribute via charity donation
- care about staff, ensure a respectful, harmonious and safe work environment and provide necessary training and career development opportunities for our people

(I) Business Sustainability

The drive for sustainability is an essential part of all our business operations. In order to deliver long-term value and sustainable growth to our customers, employees, communities and all other stakeholders, HKIRC is committed to the highest standards of business management, accountability and transparency throughout our operations. Designated by the Government of HKSAR to administer the ‘.hk domain, a public resource of Hong Kong community, HKIRC endeavors to implement good corporate governance with the organization to ensure that the administration is conducted in an open, transparent and fair manner. Our Board is proactive, with Directors that are highly diligent in their guidance and monitoring. The Board assumes responsibility for leadership and control of the Company. The Chairman, Directors and management actively participate in and guide the formulation and detailed application of our sustainability strategy and practices.

Corporate Vision and Core Values

HKIRC has a corporate vision that .hk/.香港 are the most preferred top-level domains of Hong Kong residents, companies and organizations. Our core values of Excellence,

Resourcefulness, Fairness, Effectiveness, Care, Transparency, Independence and Openness are strongly promoted throughout the Company. We use a variety of platforms to communicate and diffuse our culture while reinforcing the values of honesty and solidarity as part of the Company.

Corporate Governance and Code of Conduct

Good corporate governance is the basis for creating and maintaining sustainability. Directors are required to sign a declaration form for handling and disposal of confidential information and documents of HKIRC and a declaration of conflict of interests by Directors when they joined the Board of HKIRC. To enhance better corporate governance, the Consultative and Advisory Panel (CAP) met twice a year with the Board of Directors. Advisors from different sectors have been invited to sit on the CAP and advice HKIRC on policy issues and matters which help HKIRC serve the local Internet community better.

Our Codes of Conduct for both staff and Directors further support these values, establishing firm guidelines and rules regarding the professional and ethical behavior of our staff and Directors. As a public body, HKIRC also conducted seminar together with the Independent Commission Against Corruption (ICAC) to educate our staff about the high standards of ethics expected of them and to upgrade their knowledge of the Prevention of Bribery Ordinance.

Strategic Planning

.hk domain name is a critical Internet infrastructure in Hong Kong and it is also a public resources. In order to be sustainable, HKIRC is pursuing a forward-looking strategy. HKIRC will always keep sensitive to the latest development in the Internet industry to ensure that the company is in the forefront in the industry. In addition, HKIRC is looking for new business opportunities by participating in both regional and international involvements in the domain name industry.

Business Continuity Plan and Business Drills

HKIRC has a well-found business continuity plan. Management will review the plan from time to time to enhance our crisis management plan with new measures to protect customers and staff while making sure that business continuity is maintained and that the impact of any damage or loss to our business is mitigated should a crisis or emergency occur. In order to heighten overall awareness and staff readiness in the event of any unfolding crisis, we carried out systems drills and special drills periodically in a year.

HKIRC maintains a good rapport and close connection with local Internet stakeholders, e.g. Hong Kong Computer Emergency Response Team (HKCERT), Hong Kong Police, Office of Communications Authority (OFCA), Office of the Government Chief Information Officer (OGCIO) and The Internet Infrastructure Liaison Group (IILG). Therefore, HKIRC can act effectively in case of any Internet incidents.

Internal Audits

HKIRC also conducts internal audit and system audit regularly. External professional auditors will be appointed periodically to review the daily operations and operation systems of HKIRC to ensure that all operation processes are under proper controls.

(II) Economic Sustainability

Financial Healthiness

HKIRC has a sound economic sustainability. The net assets at the year end 2011 were HK\$62.4M. As a non-profit making organization, HKIRC is striving to keep a reasonable level of reserve to ensure that the Company can also survive during economic downturn. The Company pursues a prudent investment strategy and will not invest in high-risks items. Majority of the reserves is put in time deposit in banks. Recently the Company is planning to purchase a property so that HKIRC will have a stable office in the long run.

HKIRC is committed to invest on local Internet infrastructure as well as new technology initiatives that will be beneficial to the local domain name industry. The Company invests a lot in different projects like upgrading of infrastructure to support IPv6 and upgrading of equipment to improve service availability and stability. In the future, HKIRC will continue to invest resources in enhancing the security of domain name service e.g. launching a test platform for DNSSEC (Secure DNS) so that industry players can test the service before introducing it to their customers.

Contribution to Local Economy

HKIRC is striving to promote the use of Internet in Hong Kong. By providing .hk domain name services, HKIRC helps facilitating on-line businesses and increases companies' competitiveness. HKIRC has lowered the wholesale price of .hk domain names in the past. In order to contribute to .hk users, HKIRC is considering further reduce the price of .hk domains.

(III) Social Sustainability

Care for our People

Our people are the most precious asset of HKIRC and the key of our success. They drive our development through their commitment, professionalism and caring services. HKIRC continues to devote significant resources and energy to developing the expertise and skills of our outstanding team. We are committed to promoting the sense of belonging and team spirit amongst our colleagues. We offer a competitive package of benefits to attract the best people in the industry. We award outperforming employees with bonuses according to the "pay for performance" principle. We will collect staff's opinion and measure employee satisfaction annually.

We believe that the maintenance and encouragement of a health-work-life balance is essential for the well-being and productivity of our staff, and to support the Company's sustained business momentum. We offer 5 days work to all staff so to achieve work-life balance. We also arrange staff social function annually and will also invite staff's family members to join.

In order to sustain a high-performing and expanding organization, HKIRC will identify training needs with the ultimate aim of enhancing employees' talent and building strategic organizational competency. HKIRC has launched a *Staff Training and Development Scheme* to encourage staff members to acquire more knowledge and skills to upgrade their existing performance and to enhance their capabilities to take up future job challenges. HKIRC strives to promote a learning culture amongst staff members. During the year, structured training programs were organized for staff. The theme of each course ranged from team building, change management, corporate governance, stress management, languages and learning organization.

The Company also encourages new ideas from staff. A "*New Idea Suggestion Program*"

(previously called *Staff Innovation Program*) was established since June 2005 to encourage staff to submit new ideas about how to improve the daily operations of the Company. Staff who contributed the most outstanding idea or maximum numbers of new ideas within a year will be awarded.

Care for our Customers

HKIRC is committed to provide professional services to our customers. We try our best endeavors to increase the customer loyalty. The average domain name life span is about 5 years. HKIRC has clear KPIs and service pledge. Customer satisfaction survey is conducted annually to collect customers' comments. HKIRC always strives to provide new value-added services associated with .hk domain names to our customers.

Care for our Partners

It is essential for HKIRC to maintain an effective system to monitor the work of our partners including service partners, registrars and vendors. HKIRC strives to keep good rapport with these working partners. HKIRC believes that having a team of high performing registrars will help to attract more .hk registrations. HKIRC will also conduct registrar satisfaction survey to collect registrars' comments.

Care for other Stakeholders

HKIRC keeps close relation with the Office of Government Chief Information Officer (OGCIO). Quarterly report is submitted to the OGCIO for reporting the latest progress of the Company's development. HKIRC also maintains a good rapport with local IT industry associations so that HKIRC can get updated industry information. The Company also co-organized seminars and events with local IT associations previously.

Care for the Community

As a good corporate citizen, HKIRC's management and employees are committed to a board range of charitable and volunteer programs that support the well-being of the disadvantaged and needy in society. In reaffirmation of our dedication to nurturing our community, our environment, our employees and their families, the Company has been recognized as a "*Caring Organization*" by the Hong Kong Council of Social Service (HKCSS) for seven years in a row.

In return for the tremendous support we receive from our customers and the community we encourage our staff to engage in community service. A corporate volunteering team was established in early 2012. In order to encourage staff to contribute more to the local community, staff who participates the highest number of hours in volunteer work in a year will be awarded "*The Most Caring Staff Award*".

HKIRC also supports local charity organizations via direct donation. They include Po Leung Kuk, Hong Kong Red Cross, The Community Chest, Changing Young Lives Foundation etc. HKIRC is dedicated to assisting people in need through our support to social enterprises by using their services. We recruited social enterprises to provide office cleaning services and to provide training seminar to our staff.

(IV) Environmental Sustainability

The Company strongly believes in our responsibility to help create a better environment for our next generations. Since the core business of HKIRC is to provide domain name services to the community, there is not much solid waste produced by HKIRC. However,

running system servers and other computers to maintain the services of HKIRC may lead to indirect emissions of greenhouse gas to the atmosphere through the use of electricity. As a socially responsible company, HKIRC has established the following policy to care for the environment:

1. Reducing Solid Waste
2. Saving Energy
3. Recycling
4. Planting Trees
5. Reducing the consumption of beef in Company functions
6. Supporting Environmental Protection projects
7. Recommending our vendors, registrars and service partners to achieve carbon neutral.
8. Disposal of end-of-life computers and IT equipment ethically and minimizing environmental impact
9. Considering of purchase of Carbon Credits

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