

Sustainability Report 2016

Foreword

Hong Kong 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.

‘.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 and secure domain name services. The Company has expanded from 9 staff from the very beginning to 25 permanent staff nowadays. The number of domain name registrations grew from 68,206 in January 2004 to 374,104 in December 2015. We are committed to ensuring and promoting sustainability of 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 become a role model in the domain name industry and corporate social responsibility. In order to ensure that our activities can help achieve business, economic, social and environment sustainability, our strategies for sustainable development specifically address these four areas as described in the following sections.

(I) Business Sustainability

The drive for sustainability is an essential part of our business operations. In order to deliver long-term value and sustainable growth to our customers, employees, communities and 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’ top-level domain, a public resource of Hong Kong community, HKIRC endeavors to implement good corporate governance to ensure that the administration is conducted in an open, transparent and fair manner. The Board 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 Pursuit of excellence, Effectiveness, Integrity, Care, Innovation and Leadership (foresight) are strongly promoted throughout the Company. We use a variety of platforms to communicate these values and build up our culture where these values are treasured and reinforced.

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 interests by Directors when they joined the Board of HKIRC. To enhance corporate governance, the Consultative and Advisory Panel (CAP) meets twice a year with the Board of Directors. Advisors from different sectors have been invited to sit on the CAP and advise HKIRC on policy issues and matters which help HKIRC serve the local internet community better.

Our Codes of Conduct for staff and Directors further reinforce these values by establishing firm

guidelines and rules regarding the professional and ethical behavior of our staff and Directors. As a public body under the Prevention of Bribery Ordinance (POBO), 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

The domain name system is part of the internet which is itself evolving both technically and policy-wise. In order to be sustainable business-wise, HKIRC has to pursue a forward-looking strategy by keeping itself abreast of the latest development in the internet industry and in particular domain name system. HKIRC is looking for new business opportunities arising from such developments. To ensure that HKIRC does not miss out on important developments, it is also important that HKIRC participates in both regional and international fora in the domain name industry, as internet is a global rather than a local infrastructure.

Enhancing DNS Infrastructure and Security

Although not often, there were several DDoS attacks these years targeting to specific domain names. Our .hk infrastructure was strong enough that did not cause any problem with the other .hk domains. To cope with potentially bigger attacks in the future, HKIRC is implementing additional measures to withstand larger scale DDoS attacks. HKIRC also plans to implement DNNSEC for .hk in the long run to ensure a robust and reliable .hk domain name service. Launch of new services like .hk LOCK and .hk WATCH also help to strengthen the confidence of our customers in the reliability, security and robustness of .hk as compared with other top-level domain names. Moreover, we launched Trusted .hk Registrar Program. This is an initiative to encourage the achievement of preset security standard by local registrars to uphold confidence of .hk users. We also promote DNS and domain name management best practice to the public.

Business Continuity Plan and Business Drills

HKIRC has a well-founded business continuity plan. Management reviews the plan regularly to ensure that adequate measures are in place to protect interest of customers while making sure that impact of any damage or loss to our business is mitigated should a crisis or emergency occurs. In order to heighten overall awareness and staff readiness in the event of any unfolding crisis, we carry out systems drills and operational drills every year.

HKIRC maintains a good relationship 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 Hong Kong Internet Infrastructure Liaison Group (HKIILG), just to name a few. Therefore, HKIRC can act effectively in case of any internet incidents which originate outside HKIRC.

Internal Audits

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

(II) Economic Sustainability

Financial Healthiness

There is a common misunderstanding that a non-profit organisation should not target to achieve a

surplus. This is incorrect from a sustainability viewpoint. As HKIRC is a self-financing operation, we have to ensure that we have sufficient financial reserve to withstand the impacts brought by tough economic conditions. Our baseline requirement is to have a cash reserve which can keep us running for 6 months without any income from new registrations or renewals. The Company pursues the most prudent investment strategy by putting our cash reserves in fixed deposits with reputable banks only. Recently the Company is planning to purchase an office property so that HKIRC can be immune to the ups and downs of the office rental market in the future.

HKIRC is committed to the continual improvement of the quality of our domain name registration services. Each year the Company invests substantially in enhancing the robustness and security of our domain name system. HKIRC implemented a second site in 2010 and is planning to implement DNSSEC (Secure DNS). The Company also leads the industry by example by implementing support for IPv6.

Contribution to Local Economy

HKIRC is well aware of the voice of the community to lower the price of .hk domain name registrations. The Company adopted the registry/registrar (R/R) model in July 2011 and has accredited a total of 31 local and overseas registrars as of now. We have reduced the wholesale price of a .hk registration from \$125 to \$100 on the first anniversary of the launch of R/R model, and from \$100 to \$80 in 2013, to encourage our registrars to offer better value-for-money to their .hk customers although we have adjusted the renewal fee back in October 2015 due to overall cost increase.

(III) Social Sustainability

Care for our Staff

Our workforce is the most precious asset of HKIRC and the key of our success. Their commitment, professionalism and caring attitude are what drive the Company forward. HKIRC is committed to promoting a 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 outstanding employees with bonuses according to the “the more you contribute, the more you get” principle. We actively solicit staff’s opinion and measure employee satisfaction annually.

We believe that the maintenance and encouragement of 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 to help them achieve work-life balance. Besides, we offer 1 day birthday leave and a half day filial leave so staff can enjoy the birthday with their family and accompany their parents for the parent’s birthday. We also arrange staff social function annually and invite staff’s family members to join.

HKIRC devotes significant resources and energy to develop the expertise and skills of our staff members. Training needs are identified 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 undertake life-long learning and take up future job challenges. HKIRC strives to promote a learning culture amongst staff members. Throughout the year, structured training programs were organized for staff. These trainings cover topics such as team building, change management, corporate governance, stress management, languages and learning organization.

The Company also encourages innovation. A “*New Idea Suggestion Program*” was established since June 2005 to encourage staff to share their new ideas about new services, promotion, process

improvement, etc. with the Company. Staff who contributed the most outstanding idea or maximum number of new ideas within a year are awarded.

To create a happy work environment in the office, the Company has joined the Happy Organizational Label Scheme in 2014, organized by Promoting Happiness Index Foundation to promote happiness-at-work in Hong Kong. The Company has been awarded the logo of “*Happy Organization*” successfully in 2014 and 2015.

Care for our Customers

HKIRC is committed to provide good quality services to our customers. We try our best endeavors to increase customer loyalty. At present, the average domain name lifespan is about 5 years. HKIRC has other KPIs and service pledge for driving continual improvement in customer satisfaction. Customer satisfaction survey is conducted annually. HKIRC also strives to provide new value-added services associated with .hk domain names to our customers.

Care for our Partners

HKIRC believes that having a team of high performing registrars and vendors is one of the key to achieving business sustainability. It is essential for HKIRC to maintain an effective system to monitor the performance of our partners including registrars, service partners and vendors. HKIRC strives to keep good relationship with these partners. HKIRC also conduct registrar satisfaction surveys regularly to collect registrars’ comments.

Care for other Stakeholders

The Office of Government Chief Information Officer (OGCIO) of the HKSAR Government designates HKIRC to administer the registration of domain names under the .hk ccTLD through a Memorandum of Understanding (MOU) and a Designation Agreement (DA). HKIRC constantly reviews its activities to ensure that requirements of the MOU and DA are met. For instance, a quarterly report is submitted to the OGCIO for reporting the latest business and financial performance of the Company.

HKIRC also maintains a good relationship with local IT industry associations by sponsoring, co-organising or supporting IT industry events which are within the ambit of HKIRC. The Company strives to be an active player in the local IT and internet community in order to promote the use of internet and e-business to benefit local companies, organisations and individuals alike. HKIRC maintains political neutrality by supporting events which will truly benefit the community irrespective of the political background of the organiser or co-organisers.

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 the society. In reaffirmation of our dedication to nurturing our community, our environment, our employees and their families, the Company has been recognised as a “*Caring Organization*” by the Hong Kong Council of Social Service (HKCSS) for eleven years in a row.

In return for the tremendous support we have received 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 has committed the most number of hours of his/her free time in volunteer work in a year will be awarded “*The Most Caring Staff of the Year*”.

HKIRC also supports local charitable organisations via direct donation. They include Po Leung Kuk, Hong Kong Council of Social Service, 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.

(IV) Environmental Sustainability

The Company strongly believes in our responsibility to help create a better environment for our future 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 practices to care for the environment:

1. Reducing Solid Waste
2. Saving Energy
3. Recycling
4. Planting Trees
5. Disallowing the consumption of beef and shark fins 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 minimising their environmental impact

The Company appointed a qualified energy audit consultant to conduct a carbon emission audit for our Company. We also participated in the *CarbonSmart Programme* organized by the Hong Kong Productivity Council and was awarded the *CarbonSmart logo*, and *Hong Kong Awards for Environmental Excellence*.

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