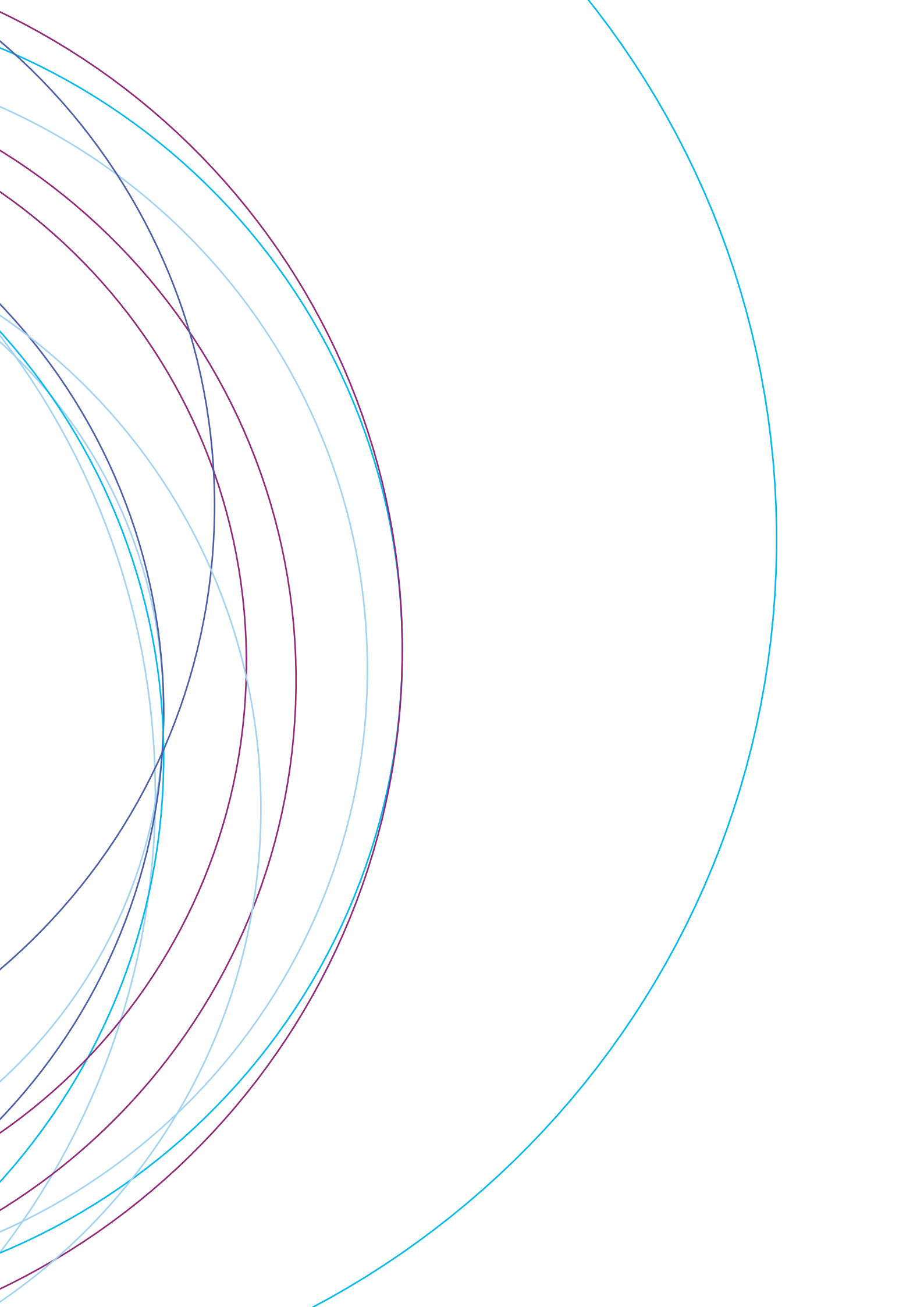


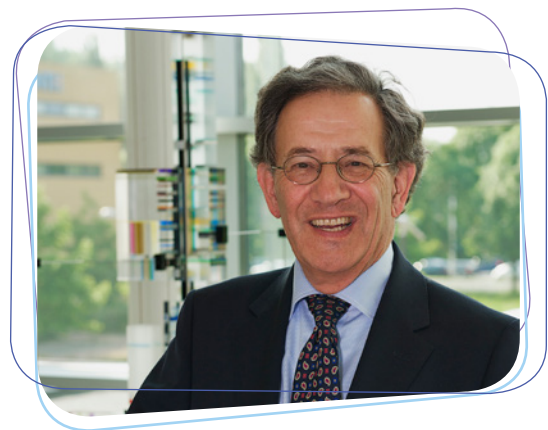
Annual report 2012





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Eddy Schuyer
Chairman of the Supervisory Board

Report Supervisory Board 2012

The Supervisory Board (SB) supports SIDN's Executive Director with advice. The main focuses of the Board's supervision and review activities are SIDN's business strategy and the associated risks, realisation of the organisation's objectives and the design and effectiveness of the internal risk management and control systems.

The SB has seven members, including its chairman. The SB's membership remained unchanged from its formation in 2005 until 27 March 2012. On that date, Hanneke Slager and Rob Matthijssen both stepped down, having completed the maximum of three terms of office. During their time on the board, both made a significant contribution to SIDN's development. Hanneke Slager was succeeded by Peter van Schelven, whose other roles include teaching Informatics Law and acting as Manager and Legal Counsel at ICT Office. Management consultant Willem van Waveren took the seat vacated by Rob Matthijssen. Van Waveren was nominated by the Registrars' Association (RA), having gained an excellent understanding of registrars' interests while advising on and facilitating the RA's formation. Although he is an RA nominee, Van Waveren sits on the board in an independent capacity, as the other SB members do; he is not a representative of the RA or of the registrar community.

At the Board's four meetings in 2012, two of the main topics addressed were SIDN's pricing policy, including the DNSSEC incentive scheme for registrars, and the succession of SB members who will reach the end of their term of office in 2013 and 2014. The Supervisory Board was also informed about market developments, R&D, new business activities and cooperation with the RA. In addition, the following matters were approved and/or decided:

- Annual report and accounts for 2011

- Annual reports of the Supervisory Board, the Selection & Appointments Subcommittee, the Audit Subcommittee and the Security & Stability Subcommittee in the context of corporate governance
- Annual plan and budget for 2013

The Audit Subcommittee met twice in 2012 and considered matters such as the annual accounts for 2011, the prognoses and quarterly reports for 2012 and the interim annual audit. The Selection & Appointments Subcommittee also met twice, interviewed candidate members and advised the SB on the appointment of new members. There were two meetings of the Security & Stability Subcommittee as well; topics discussed included a security policy for SB members.

In March, the SB convened in Vienna for both a normal session and a strategic session, as well as a meeting with the board and CEO of NIC.at, the Austrian registry. In June, the SB met representatives of SIDN's Staff Council and held a joint session with SIDN's CEO and the board of the RA. At the latter meeting, the parties discussed their respective roles, positions and expectations of one another.

The Supervisory Board believes that the policies pursued by SIDN have been such that the quality of SIDN's services is assured and that the company is ready for the future.

Eddy Schuyer,
Chairman of the Supervisory Board

2012, a year of fundamental questions



Roelof Meijer
CEO, SIDN

01 Introduction

Without the internet, the world might keep on turning, but life would come to a halt

Outside the scientific community, the internet's birth in 1969 attracted little interest. When ICANN was founded in 1998, not a single Dutch newspaper reported the event. And when more than 79 million data leaks were detected in the United States in 2007, there was no public outrage. How different things were in 2012. Innovations, data leaks and governance issues received close media scrutiny. It was a year when fundamental questions about the internet were raised and addressed not only by professionals, academics and governments, but also by the general public.

How important is the internet?

The internet's direct value to the Dutch economy is estimated to be 5 per cent of GDP. Its indirect value is far greater, however. Without the internet, the world might keep on turning, but life in the Netherlands would come to a halt. Nowhere else in Europe does such a high percentage of the population have access to the internet. Indeed, no less than 87 per cent of Dutch people use the internet on a daily basis. As well using it at home, at work or at school, we make increasing use of the net while on the move. In the space of just a year, mobile internet access using a smartphone went up from 31 to 42 per cent, while the corresponding figure for tablet PCs rose from 10 to 27 per cent. An auction of the radio frequencies needed for 4G mobile internet services brought the government a windfall of 3.8 billion euros – much more than the forecast 470 million. The internet also plays an increasingly important role in our social lives. Some 77 per cent of Dutch people use at least one social network. Facebook is easily the most popular, having almost completely driven Hyves from the scene in the Netherlands. Globally, Facebook has a staggering one billion active users per month.

What do we actually do on line?

In 2012, the average Dutch person spent four hours and forty-eight minutes of every working day on the internet. The amount of time spent on line was only half an hour less on non-working days. Nearly one in three Dutch people used the internet to help them decide how to vote in elections. Three quarters of them made purchases on line. For the population as a whole, the dominant activities continued to be looking up information and using e-mail. Amongst young people, however, social media interaction was equally important, along with downloading and watching films. SIDN's own research indicated that internet banking and shopping accounted for a lot of the time that people spent on line as well. SIDN uses the findings of its internet usage surveys both to shape its own policies and to support other groups, such as registrars.

Is everything connected to the internet?

The internet isn't just websites and e-mail. Huge amounts of information are sent and shared on line. The internet is a vehicle for gaming, VoIP telephony, instant messaging and financial transactions. And for a host of less obvious purposes, such as the remote control of security systems and cameras, printers, TVs, doors, church bells, tidal barriers and weather stations. The internet also combines the power of countless computers, enabling them to work as one supercomputer for use in cancer research and other programmes. Meanwhile, businesses not only store data in the cloud, but also use cloud-based applications to facilitate and enhance their work. With so much going on, the Amsterdam Internet Exchange handles two terabits of

data per second: the equivalent of nearly two million DVDs a day. In the future, more and more devices will be connected to the internet, resulting in a true 'internet of things'. SIDN is busy readying itself to apply its knowledge of unique identifiers in the internet landscape of tomorrow.

How secure is the internet?

Growing dependency on the internet makes security ever more important. As in the previous year, a number of data leaks received considerable media exposure in 2012. The details of more than 2,600 air travellers were accidentally disclosed. Information about hundreds of thousands of people treated at the Groene Hart Hospital in Gouda was discovered on a computer with barely any security. A piece of malware embedded on nu.nl some time before 14 March infected a hundred thousand computers. Even the White House in America was the target of a serious phishing attack. Botnets were in the news in August, when it came to light that thousands of local government computers had been ensnared by a botnet and infected with the Dorifel virus. After the Stuxnet virus in 2011, the world was hit by the Flame virus in 2012. Hackers succeeded in gaining remote control of security cameras and it was demonstrated that the flood barriers at Veere were vulnerable to malicious interference via the internet. Printers, company routers and VoIP systems were repeatedly used as unlocked back doors to gain unauthorised access to business networks. No fewer than 2.2 million Dutch people were the victims of cybercrime in 2012. TNO estimated that the total annual cost of such crime to the country was at least ten billion euros.

How can we make the internet more secure?

In 2012, many countries took steps to increase internet

security. In the Netherlands, a major fault at Vodafone prompted mobile service providers to agree on a mechanism for using each other's networks in the event of future problems. In January, the National Cyber Security Centre (NCSC) was created, becoming the latest part of the Netherlands' national security infrastructure. The Centre serves as a platform for cyber security cooperation amongst governments, businesses, academic institutes and community organisations – in the Netherlands and other countries. In view of its unique position in the Dutch internet community, SIDN works very closely with the NCSC. SIDN was also one of the prime movers behind the newly established Abuse Information Exchange (AIE): a joint initiative by seven ISPs, SIDN and the Dutch Ministry of Economic Affairs. By improving the exchange of information relating to abuses, the AIE will enable faster and more effective action against botnets. Of course, SIDN is constantly striving to enhance the security of the .nl domain. That is one of the reasons why .nl leads the world in terms of the number of domain names protected by DNSSEC.

How far are we prepared to go for internet reliability?

It sometimes seems that the internet is governed by different rules from the ones that apply in the off-line world. That's the case with crime detection and privacy, for example, and particularly with intellectual property rights. In 2012, various proposed measures aimed at tackling the abuse of intellectual property rights were shelved at the last moment. They included the Stop Online Piracy Act and the Protect IP Act, whose privacy implications and other drawbacks were regarded as unacceptable by many. In protest against the legislation, various US websites – including Wikipedia and Boing Boing – were taken down for a day. Ultimately, the bills failed to make it into law. A similar fate befell ACTA (the

It sometimes seems that the internet is governed by different rules from the ones that apply in the off-line world

Anti-Counterfeiting Trade Agreement): a treaty designed to harmonise the various systems protecting intellectual property. After fierce protests, the European Union dropped the proposal. In the Netherlands, the idea of a download ban was put forward, but this suggestion too was withdrawn after heated debate. One measure that did go ahead was the action against Pirate Bay. In 2012, all major internet service providers were ordered by a judge to prevent access to the well-known download site. This prompted vigorous debate about the role of ISPs and the value of such a blockade. SIDN believes that all stakeholders should have the opportunity to speak on such issues, as happened in the 2012 Domain Name Debate on the Whois, when the interests of brand owners and those of consumers were in direct opposition.

How can we protect our freedoms?

Privacy protection on the internet was a prominent issue in 2012. In May, the Netherlands' new Telecommunications Act was passed. Under the legislation, open access to the internet is guaranteed and it is illegal for an access provider to block or curtail certain services, such as WhatsApp or Skype. By introducing the Act, the Netherlands became only the second country in the world to give force of law to the principle of net neutrality. The Act also makes it illegal for websites to place non-essential cookies without the visitor's explicit consent. Moreover, companies are now obliged to report data leaks, so that people whose privacy has been compromised have the opportunity to take appropriate

action. The Dutch government also participated in the Dubai WCIT: a meeting organised by the International Telecommunication Union (ITU), the UN agency for ICT. Various countries wanted the ITU to have more influence over the internet. However, that would inevitably be at the expense of the multi-stakeholder model that has traditionally underpinned much internet policy. There were consequently concerns about the possibility of government censorship and the erosion of personal freedom. The conference closed without the Netherlands or other Western countries signing the final declaration. SIDN advised the Dutch delegation to Dubai and SIDN representatives were included in the Dutch party attending the internet Governance Forum in Baku, along with people from the national government, NGOs and the business community. Topics discussed at the forum included security, internet access and privacy.

What next?

The interest now being shown in issues such as security and freedom demonstrates what a vital role the internet plays in our professional and private lives. Increasingly, the rules that affect the on-line world attract as much attention as those that regulate the off-line world. In the years ahead, many more important questions will need to be answered. For SIDN, the ultimate goal is clear: a unified global internet, which is open and accessible to all. And we strive to contribute to the realisation of that goal. We do so first through our administration of the .nl domain, which in many respects, such as security and accessibility, is a global leader. And second – increasingly – by offering other products and services that contribute to the internet's expansion. This annual report describes some of those products and services.

Roelof Meijer,
CEO

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How did .nl
do in 2012?

02 .nl

Five-millionth .nl

During the night of 29 to 30 July 2012, the .nl domain reached another major milestone. The five-millionth .nl domain name – marriongerritse.nl – was registered. The registration received considerable media attention. For some time, .nl was the third-largest country-code domain in the world. However, following the relaxation of the Chinese registry's registration policy and the publication of the previously unknown number of free .tk domain names, .nl slipped two places down the size rankings. At the end of 2012, .nl was the world's fifth-largest country-code domain and the ninth-largest top-level domain overall.

Reduced growth

After recording its highest growth figures ever in 2011, .nl's rate of expansion slowed in 2012. Net growth in the number of domain names was 6.6 per cent: a little less than half of the 14 per cent growth recorded in 2011. The number of new registrations actually held up well, but the number of cancellations was a lot higher. The economic circumstances certainly played a major role, as did the fact that the income from domain trading declined, prompting companies to look more critically at their domain name portfolios. Other country-code domains also had a disappointing 2012. Growth in .de (Germany) was down 77 per cent and .uk (United Kingdom) was down 54 per cent. Despite growing more slowly than in previous years, .nl's share of the Dutch market rose, to stand at 72.9 per cent by the end 2012.

.nl domain leads the way on DNSSEC

The global DNS – the system used on the internet to translate domain names into IP addresses and vice versa – is very robust, but has certain vulnerabilities. DNSSEC (Domain Name System Security Extensions) is an extension to the DNS, which enables internet users to verify that an incoming response to a DNS query is authentic and comes from the right party. The extension provides valuable protection against cache poisoning and man-in-the-middle attacks. It also facilitates the use of other techniques that make the internet more secure, such as DANE and DKIM.

SIDN has played a pioneering role in the field of DNSSEC. The .nl zone was signed with DNSSEC as early as 2010. SIDN followed that move in May 2012 by implementing DNSSEC in .nl's domain name registration system (DRS). DRS implementation made it possible for registrars to offer DNSSEC to their clients on an automated basis. So registrants can quickly and easily secure their .nl domain names with DNSSEC. SIDN is committed to promoting the acceptance, use and ongoing development of DNSSEC. The success of that strategy was demonstrated in 2012. By December there were more than 1.3 million DNSSEC-secured domain names under SIDN's control: far more than any other registry has.

DRS recognised

In September 2012, SIDN was awarded a TÜViT certificate for the domain name registration system DRS5. It was the second time that the system had been recognised – re-auditing of the DRS software being needed following expiry of the original certificate and comprehensive redesign of the web interface. With its sustainability credentials and transparency, the system received four stars out of a possible five: a score that puts SIDN amongst the international elite.

Domain name debate 2012

SIDN seeks to involve all the .nl domain's stakeholders in important policy decisions. Everyone with an interest in the .nl domain was accordingly invited to take part in the fourth Domain Name Debate on 28 September 2012. The debate focused on whether domain names that are released after being cancelled by a previous registrant should be covered by special rules, or should continue to be made available on a first-come, first-served basis. Stakeholders were also invited to express their views on the idea of no longer showing private registrants' details in the Whois. The feedback from the Domain Name Debate will be used by SIDN in the development of future policies.

Complaints & Appeals Board


The Complaints & Appeals Board for .nl domain names (C&AB) is an independent body that .nl registrars and registrants can turn to if they are unhappy with decisions of certain types made by SIDN. The C&AB considered three appeals in 2012: one more than the previous year. In two cases, the Board dismissed the appeals; the third appeal was judged to be inadmissible.

Dispute resolution system/ regulations for .nl domain names

The Dispute Resolution System for .nl Domain Names is intended to be a fast, straightforward and affordable alternative to legal action. In 2012, eighty-two disputes were referred to the WIPO Arbitration and Mediation Center. Of those cases, thirty-two were decided, eighteen are still under consideration and the rest were closed before the resolution procedure had been completed. In addition, an SIDN mediator was appointed to help resolve twenty-nine disputes during 2012. The above figures are similar to those seen in previous years. WIPO decisions and other domain name jurisprudence are published on www.domjur.nl, a joint initiative by SIDN and Tilburg University.

Notice and Take Down Code

The Notice and Take Down Code gives internet service providers a framework for handling reports regarding unlawful or criminal website content. In 2012, SIDN received eleven requests in connection with the code. In one case, the domain name in question was temporarily rendered unreachable. In the other cases, either not all the parties in the chain had been approached before contacting SIDN, or there was no evidence of unmistakably unlawful or criminal content, so SIDN did not take the far-reaching step of making the domain unreachable.



What improvements
were made to
SIDN's services
to registrars?

03 Services

Although SIDN is responsible for the registration, cancellation and transfer of .nl domain names, most registrants have only indirect contact with the company. SIDN's services to registrants are delivered through intermediaries, known as registrars. The .nl domain has more than 1,700 registrars, all of whom offer a variety of products and services. They include internet service providers, hosting firms, advertising agencies and trademark bureaus. SIDN attaches great importance to the quality of the services provided to registrars.

New version DRS5

In October, SIDN rolled out a new version of the Domain Name Registration System DRS5. The updated system featured a completely redesigned web interface, providing considerably enhanced utility. Registrars can now also record whether they support DNSSEC in the domain name registration system.

New billing arrangements and DNSSEC incentive scheme

In November, SIDN decided to change the way it bills for .nl registrations, bringing the arrangements more into line with contract forms used by registrars. The change was developed in consultation with the Registrars' Association (RA). Earlier in the year, the DNSSEC incentive scheme came into force, providing registrars with a discount on the registration fee for every .nl domain name secured with DNSSEC.

Registrar satisfaction stable

Every year since 2005, SIDN has organised a Registrar Satisfaction Survey to gauge levels of satisfaction amongst .nl registrars. The 2012 survey found that overall satisfaction was unchanged since 2011, at just over 7.6 out of ten. That satisfaction score was, for the first time, higher than the mark awarded to SIDN's peer

registries. No less than 63 per cent of registrars gave SIDN a mark of eight or more out of ten: the highest percentage ever. The registrars were particularly impressed with the support, SIDN's DNSSEC implementation and the registration and updating of domain names. Communication is the service aspect that registrars value most, and SIDN secured the highest communication score recorded to date.



Cooperation with the Registrars' Association

Founded in 2011, the Registrars' Association (RA) liaises with SIDN on behalf of the registrar community. In 2012, SIDN was in frequent contact with the RA's Management Board and with its Technology Committee and Marketing Communication Committee. The RA also nominated Mr Willem van Waveren to join the Supervisory Board.

What happened at SIDN Labs?

At the end of 2011, SIDN brought its R&D activities together under the umbrella of a new research and innovation programme called SIDN Labs. SIDN Labs seeks to make a solid contribution to internet innovations that create added value for Dutch society and reinforce the Netherlands' international position. SIDN Labs also contributes to the continuous improvement of SIDN's services and enhances SIDN's value as an independent, leading expertise centre in the field of technical and social internet themes.

PI.Lab

On 3 April 2012, the Privacy & Identity Lab (PI.Lab) was officially launched with a congress devoted to research

into privacy on the internet. The PI.Lab is a joint venture between SIDN, TNO, Radboud University Nijmegen and Tilburg University. It operates as an expertise centre, developing solutions to increase on-line privacy and aid the management of electronic identities. Privacy protection and good electronic identity management are preconditions for confidence in the information society – as illustrated by the public debates that have surrounded electronic medical records, public transport chip-cards and smart electricity meters.

The PI.Lab is unique, because it addresses the technical, legal and socioeconomic aspects of privacy and identity on an integrated basis. The PI.Lab acquires academic knowledge, actively participates in national and inter-

04 SIDN Labs

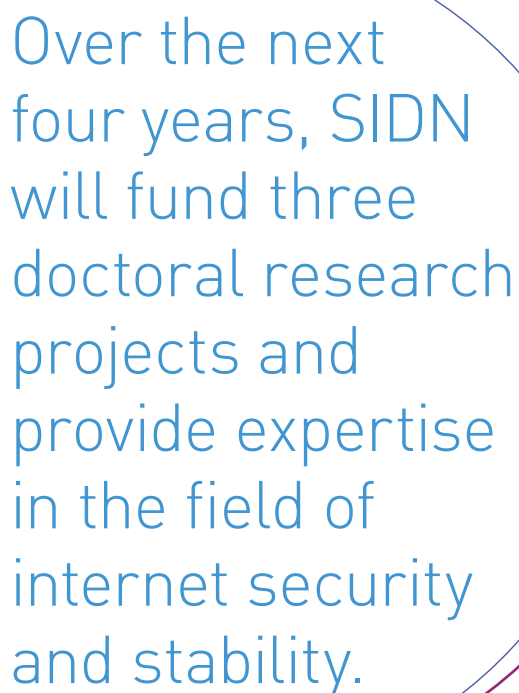
national research projects and programmes, and develops (prototypes of) practical applications. Another feature that distinguishes the PI.Lab is the utilisation of acquired knowledge, through the provision of consultancy services to the public and private sectors. The PI.Lab completed several successful consultancy projects in 2012.

fraud. The Abuse Information Exchange will facilitate the exchange of information amongst its members. It will act as a central point for the collection and targeted dissemination of information about botnet infections. The approach should mean that more infections are picked up and dealt with efficiently. SIDN and the Ministry are covering the Exchange's start-up costs, while the operating costs will be met by the member institutes. SIDN is also acting as an information provider and user, and as the system's technical administrator. The Abuse Information Exchange will become operational in 2013.

Collaboration with NLnet Labs delivers new internet standard

SIDN has been providing financial support to NLnet Labs since 2011. NLnet Labs is a Dutch expertise centre in the field of internet technology, with a worldwide reputation for its work on DNS and DNSSEC. As such, it is a major contributor to the security and stability of the global internet.

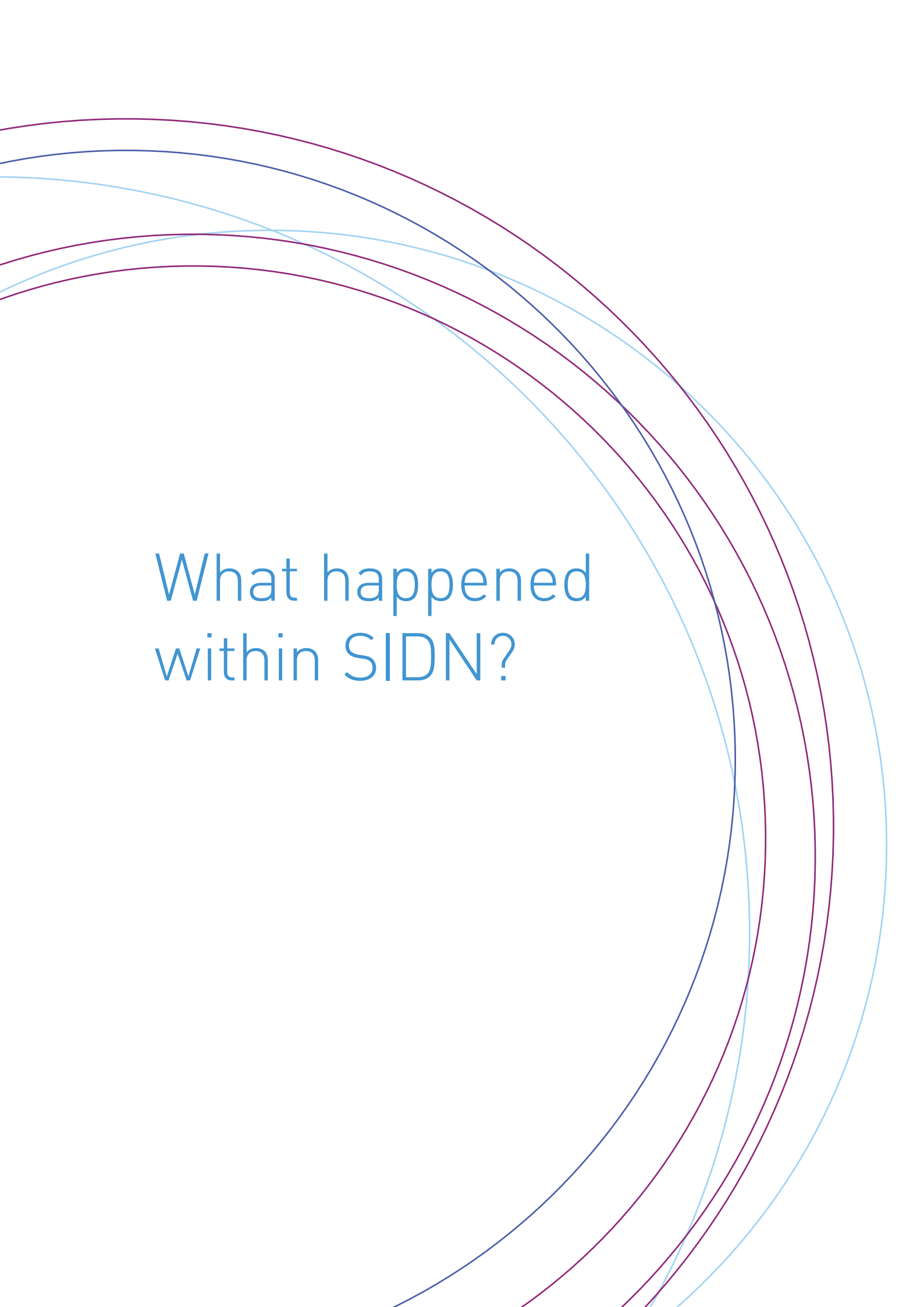
DNS experts at NLnet Labs and SIDN Labs undertook a joint investigation of the best way of implementing DNSSEC. This yielded an 'RFC' – number 6781 – in December 2012. RFCs (Requests for Comment) are documents that define internet protocols and standards. They are published by the Internet Engineering Task Force (IETF), the international collaborative body that develops internet standards. The RFC developed by SIDN Labs and NLnet Labs describes the procedures for and precise operational considerations relating to the deployment of DNSSEC. It is the first RFC that SIDN has co-authored, although the company has previously contributed to numerous RFCs and the related debates, both recently and in the more distant past. SIDN has since submitted a number of other Internet Drafts (the precursors of RFCs).



Over the next four years, SIDN will fund three doctoral research projects and provide expertise in the field of internet security and stability.

Abuse Information Exchange

In 2012, seven ISPs and the Ministry of Economic Affairs linked up with SIDN in the fight against botnets. Botnets are responsible for sending spam, for bringing down websites by 'DDoS attacks' and, increasingly, for identity



What happened
within SIDN?

05 Internal organisation

Personnel policy

SIDN wants to attract the best professionals and to enable its people to realise their full potential. With those aims in mind, SIDN provides an inspiring working environment and ample opportunity for development. In 2012, SIDN therefore continued to invest heavily in personnel development through education and training. The organisation's workforce grew from seventy to seventy-three in 2012.

Employee satisfaction

In 2012, Effectory carried out an employee satisfaction survey for SIDN. The registry's workers gave an overall satisfaction score of eight out of ten, placing SIDN fifth in the 2012 league table of the Netherlands' best employers with fewer than a hundred employees.

Staff Council

In 2012, the Staff Council dealt with five approval requests. The subjects considered by the Council included reform of the performance appraisal system and revision of SIDN's privacy rules.

06 Community role

Sustainability

Corporate social responsibility is a high priority for SIDN – and consideration for the environment is an important part of operating responsibly. SIDN therefore does all it reasonably can to minimise its carbon footprint. SIDN's premises have been awarded an A+ environmental label: built using 'green' materials, they have numerous energy-saving features, including solar collectors, thermal storage and triple glazing. SIDN also pursues an environmentally responsible purchasing policy, buying from sustainable suppliers wherever possible.

Support for NGOs

The internet plays an important role in almost every area of our lives. However, user confidence can be retained and the internet's full potential realised only by making the net better, more secure and more open. SIDN therefore supports various activities in the fields of internet governance, technology, sustainability and security.

Advertising Fraud Support Centre

SIDN sponsors the Advertising Fraud Support Centre, a national service for reporting fraud involving advertising contracts, ghost invoices and listings on websites and internet guides.

Reporting Hotline for Internet Child Pornography

SIDN sponsors the Reporting Hotline for Internet Child Pornography, a private foundation that works to tackle the distribution of child pornography on the internet.

Notice and Take Down Working Group

The Notice and Take Down Working Group comes under the umbrella of the Platform for Internet Security. Its function is to administer the Notice and Take Down Code, which SIDN helped to get introduced.

SplitsZ!

Since the end of 2009, SIDN has sponsored SplitsZ, an educational game about social media and Web 2.0 applications for pupils and teachers in early secondary education.

Platform for Internet Security (ECP)

SIDN is a member of the Platform for Internet Security, a public-private partnership that seeks to make a structural contribution to internet security for the consumer/internet user.

Digivaardig & Digiveilig

Digivaardig & Digiveilig is an ECP programme designed to reduce the number of people with low levels of computer literacy and to promote the responsible and safe use of digital resources. The Digiveilig programme is led by SIDN.

Bits of Freedom

Bits of Freedom works to promote freedom and privacy on the internet. SIDN has sponsored the foundation since 2010.

Summer School on Internet Governance (SSIG)

The SSIG helps students, academics and others to gain a better understanding of global internet governance. SIDN supports SSIG activities by, for example, giving bursaries to students from developing countries.

The Green Web Foundation

Web servers are responsible for a significant proportion of the world's CO2 emissions. With support from SIDN, the Green Web Foundation internet helps users to find green-hosted sites.

Anti-Phishing Working Group (APWG)

The APWG is an international organisation for businesses, governments, investigative agencies and institutions engaged in fighting cybercrime. SIDN is a member of the APWG.

Internet Society Next Leaders Programme

The Next Leaders Programme is an SIDN-sponsored ISOC educational programme designed to help young internet professionals continue developing their leadership qualities.

University of the Netherlands

Universities are there for everyone. However, only enrolled students can attend lectures. Starting in September 2013, the University of the Netherlands aims to make inspiring lectures available for everyone in the Netherlands to follow on line, free of charge. SIDN is one of the initiative's sponsors.

History of the internet in NL

The History of Technology Foundation has been commissioned by SIDN to write a history of the internet in the Netherlands.

Internet Protection Lab

SIDN supports this joint initiative by three Dutch organisations. The internet Protection Lab helps journalists, bloggers and activists by providing facilities such as internet connections and secure hosting for people living under regimes that restrict internet access for political reasons.

Staff-led sponsorship

Every year, SIDN makes available € 500 for each member of staff, to be used in the sponsorship of a community project that the individual staff member feels an affinity with. In this way, SIDN develops ties with its workers' social settings. These small-scale local activities also help to create familiarity with the SIDN name in the region, which is valuable in the context of personnel recruitment. Local programmes that benefited from this scheme in 2012 included Alpe d'Huzes, Kika, St Radboud UMC, Stichting de Hoogvliegers (High-Flyers Foundation), Stichting Jonge Helden (Young Heroes Foundation), De Muze primary school, Stichting 't Huiske ('t Huiske Foundation).

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What else
happened?

07 Other matters

New gTLDs

The possibility of introducing new generic top-level domains (gTLDs) has been under discussion for some years. SIDN has followed the process closely and prepared for the opening of the root. Initiatives taken by SIDN to support the Dutch internet community have included organising meetings and sharing information on a dedicated website. At the end of 2011, the root was opened to new gTLDs, and in early 2012 ICANN began accepting applications to create new extensions. The process of applying to establish a new gTLD is complex, costly and time-consuming. SIDN has the knowledge and technical expertise to support applicants with that process. In 2012, SIDN assisted three new gTLD applications: for .amsterdam, .overheid.nl and .politie. SIDN expects to begin providing registry services for one or more new gTLDs – including .amsterdam – in the near future.

Local DNS anycast

In 2012, SIDN developed a DNS anycast architecture and realised the first two anycast locations. Anycast is a network technology, with which a single name server can be created by linking a series of servers with the same name and IP address. Network routing technology ensures that each information request is sent to the nearest or most accessible server. An arrangement of this kind substantially reduces the risk of an outage, e.g. as a result of a DDoS attack. SIDN previously bought in anycast services from two external partners. However, for security reasons SIDN decided to start its own anycast-service. The move has further enhanced the stability of the .nl domain.

Information security certificate

The ISO27001 certificate that SIDN received in 2011 was renewed in 2012. ISO27001 is an information security quality standard, and SIDN was the first registry in the

world to organise its operations in accordance with the standard and to be awarded an ISO27001 certificate. Certification serves to demonstrate that the availability, continuity, confidentiality and integrity of information, and therefore of the .nl domain, are of a very high standard at SIDN. Registrars and registrants can be confident that their data are in good hands.

Opening of new office complex

In 2011, SIDN moved to a new office complex. The building was formally opened on 3 May 2012 by Steve Crocker, Chairman of ICANN's Board of Directors, and Pauline Krikke, Mayor of Arnhem.



Advice to government

On 23 January, SIDN submitted an advisory report to Afke Schaart, then a member of the Dutch parliament and spokesperson on IT & Innovation for the VVD party (the Dutch liberal party). The report was based on the results of the National Internet Survey and debates held at the '25 years of .nl' congress, both of which were held in 2011. One of the things that SIDN argued for in its report was a public debate on internet access being recognised as a fundamental right. Through the report, SIDN sought to draw Dutch politicians' attention to the

influential role that they can play in directing the economic, social and personal changes that the internet brings.

SIDN's recommendations to political decision-makers

1. Our rights in the on-line world must be safeguarded just as effectively as our rights in the off-line world.
2. A public debate is needed regarding the principle of internet access being recognised as a fundamental right.
3. The Dutch educational system needs to equip people to follow internet-related professions.
4. The government must encourage innovation.

World Conference on International Telecommunications
From 3 to 14 December, the World Conference on International Telecommunications (WCIT) took place in Dubai. The gathering was organised by the International Telecommunication Union, part of the United Nations. The aim of the WCIT was to update the international treaty on cross-border telecommunication, agreed in 1988. One important debating point was the extent to which the treaty should cover the internet. SIDN was involved in briefing the Dutch delegation to the conference and contributed remotely to the proceedings. The Netherlands and many other (predominantly Western) countries ultimately decided against signing the draft treaty, partly because it sought to regulate certain aspects of the internet.

Internet governance

The global Internet Governance Forum (IGF) convened in Baku, Azerbaijan, between 6 and 9 November. The IGF seeks to help build a safe, democratic and stable internet by promoting and facilitating cooperation and the exchange of knowledge. The main theme of the meeting was 'internet governance for sustainable development'. Dutch input was prepared at the NL IGF Event 2012, which took place in The Hague on 28 September. At the event, businesses, government, NGOs and other stakeholders exchanged views on matters scheduled for discussion at the global IGF. The NL IGF is an initiative of the Ministry of Economic Affairs, SIDN and ECP.

Campus Challenge sponsorship

The Campus Challenge is an initiative of SIDN and SURFnet, the organisation for ICT in higher education. The Campus Challenge is intended to promote education and research in the Netherlands. Its format involved challenging institutes to submit plans for upgrading their campus networks. The best entrants won a grant for realisation of their plans. By helping to fund the scheme, SIDN sought to encourage the adoption of DNSSEC in the higher education and research sectors. Five plans were ultimately selected for support, four of which involved the use of DNSSEC. The supported plans will be implemented in 2013.

Innovation programme

In the second half of 2012, SIDN began an intensive innovation programme, aimed at broadening its activity portfolio. The programme is expected to result in two realistic business cases in 2013. The programme was conceived with a view to assuring the continuity of the organisation and increasing SIDN's added value to the Dutch internet community. Because of its unique position, SIDN has the ability to play a significant role in Dutch and international internet communities, which extends beyond administration of the .nl domain. SIDN accordingly takes and supports initiatives that contribute to further development of the internet, promote good use of the internet and deter misuse.



What's going to happen in 2013?

For SIDN, 2013 will be a year of new activities. An extensive innovation programme was started in 2012, which is expected to yield two realistic business cases in the coming year. The cases will involve the application of SIDN's unique knowledge of internet-related markets. SIDN is also in talks with a number of smaller registries about the possibility of providing them with back-end technical services. The decision to pursue these options was taken with the interests of the Netherlands and the internet community in mind.

Maintenance with fewer interruptions

At the end of 2012, SIDN laid the infrastructural foundations for one of its key goals for 2013: to enable (virtually) interruption-free maintenance. In a number of maintenance windows, changes will be implemented to make it possible to perform maintenance at the different production locations separately. The planned infrastructural changes represent the first steps towards virtually interruption-free services availability.

08 Outlook

New billing system and pricing policy

It is very likely that SIDN will start providing registry services for other domains in 2013. In connection with that move, SIDN will implement a new billing system during the year, to allow for the automated billing of registrations and updates in domains other than .nl. Various changes to SIDN's pricing and billing policies will also be rolled out, bringing the arrangements more in line with registrars' needs.

New registration system for gTLDs

To enable the provision of technical support for new gTLDs, such as .amsterdam, SIDN is developing a domain name registration system called AlfaRIS. The new system is derived from DRS5, the system that SIDN uses for the .nl zone.

Abuse Information Exchange

In 2013, the Abuse Information Exchange is to become operational. SIDN will implement the information exchange system in the production environment.

CENTR Jamboree Amsterdam

In June 2013, SIDN is hosting the CENTR Jamboree in Amsterdam. CENTR is an organisation through which registries exchange experience and expertise with a view to enhancing service quality and taking the internet forward. Although the registries active in CENTR are predominantly European, there are no geographical restrictions on membership. CENTR Jamborees are multi-day gatherings at which a variety of issues relevant to registries are discussed.

Research activities

The content emphasis of the SIDN Labs research and innovation programme will be on the development of tools and services to enhance SIDN's ability to analyse the .nl zone – with a view to further reinforcing security and optimising SIDN's operations, for example. That will involve building a number of prototypes. As well as being used internally, the results will be shared via platforms such as the internet Engineering Task Force (IETF). As in 2012, SIDN Labs will collaborate with universities, research institutes and other R&D organisations.

Staff development and satisfaction

SIDN has a strong interest in maximising and maintaining levels of motivation and enthusiasm amongst its staff. By understanding what motivates them, by allowing scope for development and by pursuing good social policies, SIDN seeks to encourage its people to perform to their full potential. In 2013, SIDN will continue investing in the personnel development and expansion of expertise. In addition, another Staff Satisfaction Survey will be carried out, continuing the regular satisfaction monitoring cycle.

New working

Amongst SIDN's workforce, there is a desire for more flexible ways of working. In 2013, SIDN will therefore develop a policy designed to support its personnel in that regard, by enabling people to work from home and introducing flexible workplaces. The changes will help personnel to strike a more agreeable work-home life balance, as well as reducing the amount of time and money spent travelling and the associated carbon footprint.

09 Annual accounts 2012

SIDN has improved its financial position. Due to the continued growth in domain names, the net result for 2012 was on € 3,825,000: more than half a million euros up on 2011. The surplus is to be allocated to the general reserve, thus increasing SIDN's equity capital at the close of 2012 to € 24,848,000. The equity capital serves as a financial buffer, which helps to assure the organisation's continuity. The size of the financial buffer needed is related to the organisation's structural cost base. Because that cost base has risen over the years, as the organisation has grown and the quality and stability requirements placed upon it have become greater, so it has been necessary to increase the financial buffer.

At € 4,947,000, the operating result for 2012 was € 967,000 higher than the 2011 result (€ 3,980,000). The improved operating result is attributable to increased turnover.

Turnover rose to € 19,143,000, compared with € 17,916,000 in 2011 – a year-on-year increase of 10.2 per cent (following 2011's 11.6 per cent increase). The turnover growth was attributable largely to the increase in the number of registered domain names. At the end of 2012, there were 5.1 million domain names, compared with 4.7 million a year earlier. The growth in the number of domain names was down on previous years, and the expectation is that growth is likely to continue easing in the years ahead. Due to the growth in the number of domain names, the total amount given in payment discounts and volume discounts was also greater than in 2011, negatively affecting the net turnover of € 190,000. In order to promote the use of DNSSEC-signed domain names, SIDN introduced a discount of € 0.07 per signed domain name in 2012. Including the € 197,000 DNSSEC discount for 2012, the total value of the discounts set off against the turnover was € 1,636,000: a 28 per cent

increase on the 2011 total of € 1,250,000. The number of registrars continued to fall, and this too had a slight negative impact on net turnover.

While turnover grew, expenditure remained roughly unchanged. Total expenditure in 2012 was € 14,197,000, compared with € 13,936,000 in 2011 (a year in which expenditure rose by 15 per cent). The modest size of the expenditure growth in 2012 was due to the fact that there was little increase in personnel costs. Wages and salaries, including pension contributions and social security costs rose by € 300,000, mainly due to higher pension contributions and insurance premiums. In addition, the total number of FTEs rose to sixty-seven (compared with sixty-three in 2011).

Depreciation costs in 2012 were € 1,385,000: substantially higher than in 2011 (€ 918,000). The increase was attributable to depreciation of the new premises, which SIDN took possession of at the end of 2011, and of those premises' fixtures and fittings.

The other operating costs were € 6,801,000 in 2012 (2011: € 7,328,000). That figure is € 527,000 down on 2011. The fall was due mainly to a € 225,000 reduction in accommodation costs and a € 965,000 reduction in the marketing and communication expenditure. In 2011, roughly one million euros were spent on activities linked to SIDN's fifteenth anniversary and the .nl domain's silver jubilee. In 2012, a further € 475,000 was spent on ICT consultancy and temporary staff. Institutional costs also rose by € 117,000, largely because of an increased contribution to ICANN. Two debentures with a value of € 100,000 each are foreseen this year.

In 2012, SIDN invested a total of € 1,022,000 in DRS5 (€ 240,000) and office machinery (€ 297,000), some of which relates to ongoing ICT projects. The cost of those projects stood at € 494,000 at the end of 2012. The projects in question will enter use in the course of 2013.

Balance sheet as at 31 December 2012 (before appropriation of profit)

	31 December 2012	31 December 2011	
	€	€	€
<i>Fixed assets</i>			
Tangible fixed assets			
Land and buildings	6,218,461	6,406,386	
Machinery and equipment	1,197,795	1,423,913	
Other fixed business assets	2,538,473	2,980,129	
Tangible fixed assets under development	507,836	13,658	
	10,462,565	10,824,085	
Financial fixed assets	0	100,000	
<i>Current assets</i>			
Receivables			
Debtors	68,686	175,563	
Taxes and social security contributions	512,624	381,434	
Other receivables	788,396	884,321	
	1,369,706	1,441,318	
Liquid assets	16,338,936	11,356,861	
	28,171,207	23,722,264	

Liabilities as at 31 December 2012 (before appropriation of profit)

	31 December 2012	31 December 2011	
	€	€	€
Equity capital			
General reserve	21,022,626		17,703,195
Annual result	3,825,353		3,319,431
	24,847,979		21,022,626
Provisions		0	0
Short-term liabilities			
Liabilities to suppliers	1,326,316		975,699
Taxes and social security contributions	529,378		342,103
Other liabilities	1,467,534		1,381,836
	3,323,228		2,699,638
	28,171,207		23,722,264

Profit-and-loss account for 2012

	2012		2011	
	€	€	€	€
Net turnover		19,142,975		17,916,179
Cost				
Wages and salaries	4,758,722		4,607,520	
Pension charges	715,847		604,788	
Other social costs	535,358		477,247	
Depreciation of tangible fixed assets	1,385,159		918,052	
Other operating expenses	6,801,385		7,328,292	
		14,196,471		13,935,899
Operating result		4,946,504		3,980,280
Financial income and expenditure		256,819		230,224
Result from ordinary operations before taxation		5,203,323		4,210,504
Taxes		(1,377,970)		(891,073)
Net result		3,825,353		3,319,431

Cash-flow statement for 2012

	2012		2011	
	€	€	€	€
Cash flow from operating activities				
Operating result		4,946,504		3,980,280
<i>Adjustments for</i>				
Depreciation of tangible fixed assets	1,385,159		918,052	
Movement in provisions	100,000		0	
		1,485,159		918,052
<i>Movement in working capital</i>				
Receivables	25,380		336,247	
Short-term liabilities	(21,504)		29,393	
		3,876		356,640
Operating cash flow		6,435,539		5,254,972
Interest received	303,051		246,170	
Corporation tax (paid) / received	(1,145,976)		(1,194,114)	
		(894,925)		(947,944)
Cash flow from operating activities		5,592,614		4,307,028
Cash flow from investment activities				
Investments in tangible fixed assets	(610,539)		(7,019,180)	
Long-term lending	0		(100,000)	
Cash flow from investment activities		(610,539)		(7,119,180)
Increase / (decrease) in funds		4,982,075		(2,812,152)
Movement in funds				
Funds as at 1 January		11,356,861		14,169,013
Increase / (decrease) in funds		4,982,075		2,812,152
Funds as at 31 December		16,338,936		11,356,861

This overview is unaudited. For the audited figures we refer to the [financial statements](#) of 2012 (only in Dutch).

10 Directors and Officers

At 31 December 2012.

Chief Executive Officer
Roelof Meijer

Supervisory Board

Eddy Schuyer (Chair)
Fred Eisner
Erik Huizer
Christiaan van der Valk
Michiel Westermann
Peter van Schelven
Willem van Waveren

Complaints & Appeals Board

Ary-Jan van der Meer (Chair)
Huib Gardeniers (Secretary)
Dirk van Roode
Dick van Engelen
Mireille Hildebrandt
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SIDN

About SIDN

SIDN is an internet company with a unique position in the Netherlands. As the registry for .nl, the Dutch top-level domain, SIDN is responsible for the assignment and functional performance of all .nl domain names. That role is very important for the Dutch economy, Dutch society and the social lives of Dutch people. SIDN uses the knowledge and experience gained through its .nl registry role to promote internet use and the interests of the internet in the Netherlands.

What does SIDN do?

SIDN has managed the .nl domain since 1996, thus acting as an important link in the global domain name system. SIDN administers all the domain names that end with '.nl' and ensures that they are always reachable from anywhere on the internet. Contact with the end users of domain names is via a network of more than 1,700 'registrars': often hosting service providers or internet service providers. The reliability and security of the .nl domain are SIDN's top priorities, in support of which the company consistently invests in systems, procedures and people. That policy has continued to prove its value, as the .nl domain is far more secure than any other top-level domain of comparable size. No other top-level domain has nearly as many DNSSEC domain names as .nl, for example. SIDN also works in the interests of .nl at the national and global levels. SIDN is an important discussion partner for the government and an active participant in international forums, such as ICANN, CENTR, RIPE NCC, IETF and IGF.

Is SIDN concerned exclusively with .nl?

SIDN believes that it shares responsibility for a better, more secure and open internet. As well as overseeing the .nl zone, SIDN uses its expertise and knowledge of the internet and digital registration to take the

Netherlands forward on line. So, for example, SIDN is to provide technical support for the new top-level domain .amsterdam. The company also carries out research and develops new products and services that contribute to the ongoing expansion of the internet, such as in the field of DNSSEC. For governments and administrators, SIDN is a respected expert organisation and opinion leader on technical, legal and policy matters relating to domain names and the domain name infrastructure. SIDN additionally supports social initiatives that promote internet security and internet use.

Who does SIDN work for?

SIDN works in the interests of the Dutch internet community and Dutch society in general. A strong internet industry serves as the bedrock for innovation and for the increasing welfare and prosperity of the Netherlands. SIDN makes a vital contribution in that context.

What does SIDN wish to achieve?

SIDN believes in a unified global internet, which is open and accessible to all and reflects the global diversity in cultures, languages and scripts. An internet on which freedom of expression, the right of publication and unrestricted access to information are the norm. And an internet on which the responsible user is entitled to feel secure.

