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Main Agenda

GNSO Policy Recommendations on IGO-INGO Protections (awaiting board paper)

AGENDA – 30 APRIL 2014 BOARD Meeting – 1.0 hour – last updated 23 Apr

Time, etc.	Agenda Item	Shepherd
• **Assembly, Roll Call & Consent Agenda Vote** 20 min	**1. Consent Agenda**	
	1.a. Minutes: • March 26 & 27 Meetings of the ICANN Board	John Jeffrey
	1.b. Board Member Training Plan	Bruce Tonkin
	1.c. Review of Board Compensation	George Sadowsky
• **Discussion & Decision** 40 min	**2. Main Agenda**	
	2.a. GNSO Policy Recommendations on IGO-INGO Protections	Chris Disspain Bruce Tonkin
	2.b. AOB	

ICANN BOARD SUBMISSION NO. 2014.04.30.1b

TITLE: **Board Member Training Plan**

PROPOSED ACTION: **For Consent Agenda**

EXECUTIVE SUMMARY:

The ICANN Board is committed to the appropriate support for Board member training
and development of Board member skills. Such training and ongoing development is key
to ICANN's accountability by ensuring that the Board members have the skills necessary
to carry out their duties as ICANN Board members. Board members have participated in
both group and individual training programs over time, and are committed to adopting a
comprehensive set of requirements for each Board member. Making such training
transparent is also imperative and directly supportive of ICANN's core values.

BOARD GOVERNANCE COMMITTEE (BGC) RECOMMENDATION:

The BGC recommends that the Board adopt the ICANN Board Member Training Plan as
agreed by the BGC. A copy of the Board Training Plan is attached as Annex 1 to this
Board Submission.

PROPOSED RESOLUTION:

Whereas, the skills of Board members are critical to enable the ICANN Board to function
effectively in the complex ICANN environment.

Whereas, Board members come from a diverse set of backgrounds and experiences.

Whereas, the Board is committed to the appropriate support for Board member training
and development of Board member skills.

Whereas, the BGC recommends the development of a more formal and comprehensive
Board Member Training Plan that will assist Board members in performing their duties as
ICANN Board members, and thereby being more accountable in performance of those
duties.

Whereas, the BGC recommends that the Board establish a documented ICANN Board Member Training Plan.

Resolved (2013.04.22.xx), the Board approves the recommended Board Member Training Plan as found at <INSERT URL>.

PROPOSED RATIONALE:

The skills of Board members are critical to enable the ICANN Board to function effectively in the complex ICANN environment. The Board is committed to the appropriate support for director training and development of Board member skills. A comprehensive training plan will assist Board members to be most effective, particularly in the following training areas: general Board Governance; specialized Board Governance for committees such as finance, audit, compensation, and risk; Internet's system of unique identifiers; ICANN's structures and processes as well as compliance with local law; and ICANN Board tools, such as mailing lists, Adobe Connect, and Board Vantage.

This action will have a financial impact on the organization. To the extent that Board members utilize the Board Member Training Plan in FY14, the impact is not anticipated to be substantially beyond what is already in the FY14 budget for Board member training. The Board Member Training Plan will be taken into consideration during the FY15 budgeting process. This action will not have a direct impact on the security, stability or resiliency of the domain name system, although Board member training in this area could have an indirect positive impact on the security, stability or resiliency of the domain name system.

Submitted By: Amy A. Stathos, Deputy General Counsel
Date Noted: 22 April 2014
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ICANN Board Training - version 23 March 2014 – Annex 1

Background

The Board Governance Committee has undertaken ad hoc initiatives regarding training in accordance with its charter viz.:

- "Assisting the Board to enhance its performance"; and

- " The Committee will serve as a resource for Directors in developing their full and common understanding of their roles and responsibilities as Directors as well as the roles and responsibilities of ICANN. The Committee will provide guidance and assistance in orienting new Directors as the Board's membership evolves. It will help reinforce the Board's commitment to adhere to its Bylaws and Core Values"

It is the view of the BGC that Board member training:

- assists Board members to be most effective and assists the organization as a whole having better skilled Board members;

- requires an integrated process of analysis, design, development, implementation, and evaluation;

- this process will arrive at an individual training plan per director and guidelines for such training;

- each director is best suited to select training appropriate to her/himself in terms of the plan and the guidelines;

- however a certain limited amount of training is obligatory and must be attended and will be selected by ICANN and/or the BGC;

- use of appropriate local generic training courses (in areas such as corporate governance, board responsibilities, risk and finance) is cost effective and will give Board members sufficient background to enable specific corporate training to account for ICANN's current locus of incorporation to be most impactful; and

- Board members may also require specific training to allow their service to be most beneficial to ICANN.

Training plan

Each Board member will agree an individual annual training plan with the Chair of the Board and Chair of the Board Governance Committee, which will be made public as part of our accountability and transparency requirements to show how the Board is improving its skills and the qualifications of Board members. Training attended by each Board member will be publicly reported. Board members may self-select courses that are consistent with their training plan and within the indicative budget and obtain appropriate reimbursement.

Training Areas

Training will be conducted in the following areas:

- General Board Governance

- Specialized Board Governance for committees such as finance, audit, compensation, and risk
- Internet's system of unique identifiers
- ICANN's structures and processes as well as compliance with local law
- ICANN Board tools, such as mailing lists, Adobe Connect, and Board Vantage

Note: training in ICANN Board tools is a high priority component of induction training for new Board members, and training should be incorporated for the whole Board when a new tool is introduced.

Method of Training

Training in the first three areas will generally be via external training courses.

Board members are encouraged to undertake such training in their local area or by way of appropriate online courses, other than in exceptional circumstances. Where travel is required this will be in economy class, with accommodation in standard business hotels (3-4 star), other than in exceptional circumstances. Note that there may be cultural and legal differences in the way Board directors operate and publicly report in different parts of the world, and some bridging training materials and courses outside of the local area may be necessary to align with the frameworks used at ICANN.

Training in the last two areas will generally be through materials developed for ICANN – typically in the form of online materials.

Budget

ICANN will provide an indicative annual budget of $10,000 per Board member (Directors and Liaisons) for individual training. This budget includes the cost of any travel and accommodation as well as course expenses.

Board members are encouraged to use such funds as cost effectively as possible, favouring local and online training where possible.

New Board directors may need to incur a higher training expenditure in the first year of their 3 year term, with the expectation that their training expenditure will be lower in later years.

Deviation

Deviation from the indicative budget, local training preference, subsistence and travel guideline or any other guidance in this document is possible in exceptional circumstances, which will require consultation with the Chair of the Board Governance Committee and approval by the Chair of the Board.

General Requirements

- Each Board member is encouraged to become a member of their local or regional institute of Board directors, or a Board member has the option of joining the USA National Association of Corporate Directors (NACD). ICANN should reimburse reasonable expenses in this area as part of the training budget. Examples of Institutes of Directors are available at: http://www.gndi.org. Dual membership is possible.

- Each Board member <u>should</u> have completed the equivalent of a 2-3 day foundation course on Board Governance that would cover – role of the Board, director, financial statements, audit, risks, compensation, strategy, and conflicts of interest.   These courses are commonly available from Institutes of Board Directors in each country.   A chair of the Board or Board committee must have completed this level of training or have equivalent senior Board experience. Members of the Board Governance Committee <u>must</u> have completed this training.

- Generic training conducted by the members of the Global Network of Director Institutes (www.gndi.org) or a local Institute of Directors or similar organisation which is recognised internationally by its peers, is preferred. Examples of appropriate training courses include:
  - NACD Director Professionalism (http://www.nacdonline.org/);
  - AICD Company Directors course (http://www.companydirectors.com.au);
  - IOD Certificate in Company Direction (http://www.iod.com/developing/chartered-director-qualifications/certificate-in-company-direction) which is also available internationally (http://www.iod.com/About-the-IoD/IoD-International/International-training-partners)

- Training by a provider which is a member of the Global Network of Director Institutes (www.gndi.org) or a local Institute of Directors or similar organisation recognised internationally by its peers, will not require separate approval within budget. A board member contemplating attending a different course should discuss with the Chair of the Board or Chair of the Board Governance Committee. A Board member contemplating training must confirm the status of the provider before attending the training and verify with staff if there is any uncertainty.

- Each Board member must complete ICANN internal training on harassment prevention and Corruption prevention in the form of an online training module.

- Each Board must annually complete ICANN internal training on confidentiality and conflicts of interest.   This should be in the form of an online training module, and an annual discussion within the Board to consider case studies.

Specialized Requirements

- Each Board member that is a member of a standing board committee (currently risk, audit, finance, and compensation) <u>should</u> complete the equivalent of a one day training course, beyond the basic three day Board director training course, in the specialised area of the committee.

- A chair of a Board standing committee <u>must</u> have completed the equivalent of a one day training course, beyond the basic three day Board director training course, in the specialised area of the committee, or have equivalent senior Board experience in this area.

- These courses are likewise commonly available from the members of the Global Network of Director Institutes (www.gndi.org) or a local Institute of Directors or similar organisation,

recognised internationally by its peers. A board member contemplating attending a different course should discuss with the Chair of the Board or Chair of the Board Governance Committee.

Internet's system of unique identifiers

- Each Board member should have a basic knowledge of the key systems of unique identifiers coordinated by ICANN, and the common uses for these identifiers. Training can be done through reading reference books, completing online training modules or attending face-to-face training courses. Key systems include:

    o IP address and autonomous system number (AS) systems – IPv4 and IPv6 addressing, regional Internet registries, ISP address ranges, static and dynamic address allocation, WHOIS services

    o Domain Name system (DNS) – top level domain registries (ccTLD and gTLD), registrars, WHOIS services, and domain name servers (root servers, TLD servers, hosting company servers, commercial DNS services, individual organization servers, ISP recursive resolvers

    o Internet protocol port and parameter – IANA protocol registries

- Each Board member should have an understanding of how ICANN's mission with respect to the Internet's system of unique identifiers interacts with the missions of other Internet technical organizations responsible for coordination of the Internet infrastructure (including IETF, IAB, RIRs, ccTLD ROs, ICANN, ISOC, and W3C).

ICANN's structures and processes

- Each Board member should have a basic knowledge of ICANN's structures and procedures used in each structure. Training could consist of reading documentation, online training materials, and attending open meetings of the structures.   Structures include:

    o Generic Names Support Organization (GNSO) – houses, constituencies, policy development processes

    o Country Code Supporting Organizations (ccNSO) – ccTLD managers, types of local policy development within individual ccTLDs, policy development processes for global policies.

    o Address Support Organization (ASO) – regional internet registries (RIR)s, how policy development is done at a regional level, policy development processes for global policies.

    o Security and Stability Advisory Committee (SSAC) – how membership is determined, how documents are developed.

    o Root Server Advisory Committee (RSAC)

- Government Advisory Committee (GAC) – how advice is produced, level of participation of Governments

- At Large Advisory Committee (ALAC) – At-Large Regional structures, how individuals and organizations participate in At-Large, how advice is generated.

- Technical Liaison Group (TLG) – the role of European Telecommunications Standards Institute (ETSI), the International Telecommunications Union's Telecommunication Standardization Sector (ITU-T), the World Wide Web Consortium (W3C), and the Internet Architecture Board (IAB) to channel technical information and guidance to the Board and to other ICANN entities.

ICANN Board tools

Each Board member should have a basic knowledge of tools in use by the Board for its work. Training should mostly be in the form of documentation as part of induction of a new board member, and online training materials available for systems like Board Vantage.   Board tools currently include:

- Board mailing list

- Jabber, Skype, and Adobe chat tools

- Adobe web conferencing tools for presentations during teleconferences

- Board vantage for document distribution and archiving

ICANN BOARD SUBMISSION NO. 2014.04.30.1c

TITLE: **Review of Board Compensation**

PROPOSED ACTION: **For Board Action**

EXECUTIVE SUMMARY:

Since August 2010, ICANN's Board chair has had the opportunity to elect compensation, and since December 2011, all voting members of ICANN's Board have had the choice whether to accept compensation. The resolutions approving such compensation can be found at http://www.icann.org/en/groups/board/documents/resolutions-05aug10-en.htm#5 and http://www.icann.org/en/groups/board/documents/resolutions-08dec11-en.htm#3, respectively. Significant research, analysis, document revisions and public comment went into the initial decision to compensate the Board.[1]

If the Board resolves to continue compensation, and/or revise the level of compensation for one or more voting Board members other than the President and CEO of ICANN (who is compensated pursuant to contract) or the Chair of the ICANN Board (for whom no change in compensation level is recommended), it is imperative that the Board continues to follow a process calculated to pay an amount that is in its entirety Reasonable Compensation for Board services under the standards set forth in §53.4958-4(b) of the Treasury Regulations. The Board has followed particular steps throughout its

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[1] For example, and among other things: (i) there were calls from the community in relation to the ICANN Framework for Accountability and Transparency that voting Board members be compensated; (ii) budget discussions since FY08 have involved the concept of Board compensation and such compensation is now included in each annual budget; (iii) Towers Watson continues to provide updated studies on comparable organizations' Board member compensation and making recommendations on what level of compensation is reasonable; (iv) the Boston Consulting Group ("BCG") that conducted the Board Review some years ago suggested compensation for voting directors; (v) the Board Review working group acknowledged general support from the BCG and the community for director compensation; (vi) the first Accountability and Transparency Review Team ("ATRT") specifically recommended that the Board implement a compensation scheme for voting Board members; (vii) following public comment on changes to ICANN's Conflicts of Interest Policy and Bylaws, as well as on the Independent Expert Report that initially recommended voting Board member compensation, revisions to the referenced documents were made and a modest, reasonable level of compensation was approved; (viii) the second ATRT has recommended that the Board annually evaluate the appropriate level of compensation; and (ix) ICANN continues to comply with its commitment to regularly review, with the assistance of an Independent Valuation Expert, whether and at what level, Board member compensation is reasonable.

consideration process to ensure continued establishment and evaluation of Reasonable Compensation.

Specifically, the Board through the Compensation Committee has recently sought a recommendation from an Independent Valuation Expert[2] as to the continued reasonableness of whether to offer compensation to its voting Board members, and if so the level of such compensation. At the Compensation Committee's direction, staff engaged Towers Watson (TW) to serve as the Independent Valuation Expert, which is the same firm that provided the initial recommendation in 2011 that compensation of the voting Board members was reasonable.[3]

In addition, the Board Governance Committee has asked the Compensation Committee to facilitate evaluation of whether there are any barriers that would prohibit ICANN from offering compensation to non-voting liaisons to the Board. Absent voting, Board liaisons are asked to spend the same amount of time and make the same level of commitment to the ICANN Board as the voting Board members. This issue has also been evaluated and it has been determined that there are no such barriers to offering compensation to ICANN's non-voting Board liaisons.

COMPENSATION COMMITTEE RECOMMENDATION:

The Compensation Committee recommends that the Board approve the posting for public comment Towers Watson's April 2014 Report (see Reference Materials, Attachment A), and proposed Bylaws revisions that would allow for compensation of non-voting liaisons (see Reference Materials, Attachment B).

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[2] An "Independent Valuation Expert" means a person retained by ICANN to value compensation arrangements that: (i) holds itself out to the public as a compensation consultant; (ii) performs valuations regarding compensation arrangements on a regular basis, with a majority of its compensation consulting services performed for persons other than ICANN; (iii) is qualified to make valuations of the type of services involved in any engagement by and for ICANN; (iv) issues to ICANN a Reasoned Written Opinion regarding a particular compensation arrangement; and (v) includes in its Reasoned Written Opinion a certification that it meets the requirements set forth in (i) through (iv) of this definition.

[3] As noted in 2011, TW is a leading global professional services company with expertise in compensation for non-profit organizations. In addition to its recommendation for all voting Board members, TW provided advice on the Board Chair compensation and was recommended by the National Association of Corporate Directors (NACD) to serve as an Independent Valuation Expert.

PROPOSED RESOLUTION:

Whereas, when ICANN instituted compensation for all of its voting Board members for their services to ICANN, the Board committed to regularly review whether compensating those voting Board members was reasonable, and if so, what level of compensation is reasonable.

Whereas, ICANN is a nonprofit California public benefit corporation that is exempt from Federal income tax under §501(a) of the Internal Revenue Code of 1986, as amended (the "Code") as an organization described in §501(c)(3) of the Code.

Whereas, ICANN may not pay voting Board members more than Reasonable Compensation as determined under the standards set forth in §53.4958-4(b) of the regulations issued under §4958 of the Code (the "Regulations").

Whereas, ICANN has taken all steps necessary, and to the extent possible, to establish a presumption of reasonableness in the level of voting Board member compensation.

Whereas, there are no barriers that would prohibit ICANN from offering compensation to ICANN's non-voting Board liaisons.

Resolved (2014.04.30.xx), the Board hereby approves the posting for public comment Towers Watson's April 2014 Report, as well as proposed Bylaws revisions that would allow for compensation of non-voting Board liaisons. The Board will take all relevant public comments into consideration when evaluating whether or not to adopt Towers Watson's Recommendation as to the level of voting Board member compensation, and whether to offer such compensation to non-voting Board liaisons.

PROPOSED RATIONALE:

Since August 2010, ICANN's Board chair has had the opportunity to elect compensation, and since December 2011, all voting members of ICANN's Board have had the choice whether to accept compensation. The resolutions approving such compensation can be found at http://www.icann.org/en/groups/board/documents/resolutions-05aug10-en.htm#5 and http://www.icann.org/en/groups/board/documents/resolutions-08dec11-

en.htm#3, respectively. Significant research, analysis, document revisions and public comment went into the ultimate decision to compensate the Board.

Significant research, analysis, document revisions and public comment went into the ultimate decision to compensate the Board. For example, and among other things: (i) there were calls from the community in relation to the ICANN Framework for Accountability and Transparency that voting Board members be compensated; (ii) budget discussions since FY08 have involved the concept of Board compensation and such compensation is now included in each annual budget; (iii) Towers Watson continues to provide updated studies on comparable organizations' Board member compensation and making recommendation on what level of compensation is reasonable; (iv) the Boston Consulting Group ("BCG") that conducted the Board Review some years ago suggested that compensation for voting directors for service may be appropriate; (v) the Board Review working group acknowledged general support from the BCG and the community for director compensation; (vi) the first Accountability and Transparency Review Team ("ATRT") specifically recommended that the Board implement a compensation scheme for voting Board members; (vii) following public comment on required changes to ICANN's Conflicts of Interest Policy and Bylaws, as well as on the Independent Expert Report that initially recommended voting Board member compensation, revisions to the referenced documents were made and a modest, reasonable level of compensation was approved; (viii) the second ATRT has recommended that the Board regularly evaluate the appropriate level of Board compensation; and (ix) ICANN continues to comply with its commitment to regularly review, with the assistance of an Independent Valuation Expert, whether and at what level, Board member compensation is reasonable.

ICANN followed a process calculated to pay an amount that is in its entirety Reasonable Compensation for such service under the standards set forth in §53.4958-4(b) of the Treasury Regulations.

First, the Board sought a recommendation from an Independent Valuation Expert ("Expert") as to the reasonableness of, and if so, the amount of compensation. The Board approved Towers Watson (TW) to be engaged to serve as the Expert. TW is a leading

global professional services company with expertise in compensation for non-profit organizations. TW had originally provided advice on the Board Chair compensation and was recommended by the National Association of Corporate Directors to serve as the Expert. TW was also recently selected to provide an updated Expert Report, regarding voting Board member compensation.

Second, before approving compensation at any level and following public comment, both ICANN's Conflicts of Interest (COI) Policy (*see* http://www.icann.org/en/committees/coi/coi-policy-30jul09-en.htm) and ICANN's Bylaws (*see* http://www.icann.org/en/public-comment/bylaws-amend-vi-coi-policy-01sep11-en.htm) were revised allowing all voting Directors to be compensated.

Finally, the Board has thus taken all steps necessary to ensure that consideration of voting Board member compensation for services was done in accordance with Reasonable Compensation under the standards set forth in §53.4958-4(b) of the Treasury Regulations.

In its most recent Report, TW recommended that all voting Board members, except the President and CEO and the Board Chair, be compensated at the same level ($40,000-$45,000) that it had previously recommended that most Board committee chairs be compensated (which was $35,000 plus $5,000 for chair position). Based on the report, this reflects the recognition that committee members dedicate a relatively equivalent amount of time preparing for committee meetings and all serve on at least one, but generally more than one Board committee.

In addition, the Board Governance Committee has asked the Compensation Committee to evaluate whether there are any barriers that would prohibit ICANN from offering compensation to non-voting Board liaisons. Absent voting, Board liaisons are asked to spend the same amount of time and make the same level of commitment to the ICANN Board as the voting Board members. This issue has also been evaluated and it has been determined that there are no such barriers to offering compensation to ICANN's non-voting Board liaisons.

In making this decision and passing this resolution, the Board recognizes the need for transparency in this effort, including the need for public comment as it relates to the suggestion of offering compensation to liaisons.

Regularly reviewing and revising as appropriate the level of compensation for voting Board members also conforms with the ATRT1 recommendation and with the Board's commitment to do so when voting Board member compensation was first approved.

The actual posting the materials public comment will not have a fiscal impact on ICANN, although, compensating voting Board members and non-voting liaisons, who choose to accept compensation at the amount recommended and approved will have a slight fiscal impact on ICANN.

This decision will have no impact on the security, stability or resiliency of the domain name system.

Making the decision to post these items for public comment is an Organizational Administrative Function which itself does not require public comment. The public comment received as a result of this action will be considered in the Board ultimate decision about Board compensation.

Submitted by:	Amy A. Stathos
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