

ICANN BOARD PAPER NO. 2019.06.23.C3a

**TITLE: PRESIDENT AND CEO SECOND HALF OF FY19
AT-RISK COMPENSATION AND GOALS FOR FY20**

PROPOSED ACTION: For Board Consideration and Approval

Confidential Employment Matter

Resolved (2019.06.23.Cxx), specific items within this resolution shall remain confidential as an "action relating to personnel or employment matters", pursuant to Article III, section 5.2 of the ICANN Bylaws.

PROPOSED PUBLIC RESOLUTION:

Whereas, each Board member has confirmed that he/she does not have a conflict of interest with respect to establishing the amount of payment to the President and CEO for the second half of FY19 at-risk compensation component.

Whereas, the Compensation Committee recommended that the Board approve payment to the President and CEO for the second half of FY19 at-risk compensation component.

Whereas, the Compensation Committee has worked with the President and CEO to develop a set of goals for his FY20 at-risk compensation component.

Resolved (2019.06.23.xx), the Board hereby approves a payment to the President and CEO for his annual at-risk compensation component for the second half of FY19.

Resolved (2019.06.23.xx), the Board hereby approves the President and CEO goals for his FY20 at risk compensation component.

PROPOSED RATIONALE:

When the President and CEO was hired, he was offered a base salary, plus an at-risk component of his compensation package. This same structure exists today. Consistent with all personnel with the ICANN organization, the President and CEO is to be evaluated against specific goals, which the President and CEO sets in coordination with the Compensation Committee and the Board.

The President and CEO provided to the Compensation Committee his self-assessment of his achievements towards his FY19 goals. After reviewing, the Compensation Committee discussed and agreed with the President and CEO's self-assessment. Following discussion, the Compensation Committee recommended that the Board approve payment to the President and CEO for his at-risk compensation for the second half of FY19. The Board agrees with the Compensation Committee's recommendation.

The Compensation Committee also discussed a set of goals for the President and CEO for his FY20 at-risk compensation component. The Board has evaluated these goals and agrees that they are appropriate and consistent with ICANN's Strategic and Operating plans.

Taking this decision is in furtherance of ICANN's Mission and is in the public interest in that it helps ensure that the President and CEO is sufficiently compensated in line with his performance in furtherance of the Mission, and which reflects that his goals are consistent with ICANN's Strategic and Operating plans.

While the decision to pay the President and CEO his at risk compensation for the second half of FY19 will have a fiscal impact on ICANN, it is an impact that was contemplated

in the FY19 budget. This decision will not have an impact on the security, stability or resiliency of the domain name system.

This is an Organizational Administrative Function that does not require public comment.

Submitted By: Amy A. Stathos, Deputy General Counsel
Date Noted: 14 June 2019
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ICANN BOARD SUBMISSION NO. 2019.06.23.C3b

TITLE:

Officer Compensation

PROPOSED ACTION:

For Board Consideration and Approval

Confidential Employment Matter

PROPOSED RESOLUTION:

Whereas, it is essential to ICANN's operations that ICANN offer competitive compensation packages for its personnel.

Whereas, independent market data provided by outside expert compensation consultants indicates that current and proposed increases to compensation amounts for the President and CEO, the General Counsel & Secretary, the SVP, Policy Development Support, the SVP & COO, the SVP & CFO, and the SVP, Engineering & CIO are either below or within ICANN's target of the 50th to 75th percentile for total cash compensation based on comparable market data for the respective positions.

Whereas, the Compensation Committee has recommended that that the Board approve the proposed Board resolutions set out below.

Whereas, each Board member has confirmed that they are not conflicted with respect to compensation packages for any of ICANN's Officers.

Resolved (2019.06.23.xx), the Board grants the President and CEO discretion to adjust the compensation for FY20, effective 1 July 2019, of: (i) John Jeffrey, General Counsel & Secretary; (ii) David Olive, SVP, Policy Development Support; (iii) Susanna Bennett, the SVP & COO; (iv) Xavier Calvez, the SVP & CFO; and (v) Ashwin Rangan, the SVP Engineering & CIO, in accordance with the independent study on comparable compensation, subject to a limitation that their annual base salaries shall not increase by more than 3% per annum from their current rates.

Resolved (2019.06.23.xx), the Board approves an increase in the President and CEO's base salary for FY20 in the amount of 3% effective 1 July 2019, and grants the General Counsel and Secretary the authority to effectuate any necessary amendments to the President and CEO's Executive Services Agreement in light of this resolution.

PROPOSED RATIONALE:

The goal of the organization's compensation program is to provide a competitive compensation package. The organization's general compensation philosophy is to pay base salaries within a range of the 50th – 75th percentile of the market for a particular position.

Each of the Officers at issue in this resolution resides in the United States, with five residing in the greater Los Angeles area and one in the District of Columbia. As of May 2019, the [U.S. inflation rate](#) was reported as 2%, while the Consumer Price Index (CPI), the commonly accepted metric for cost-of-living increases, increased in the [greater Los Angeles](#) area by 3.3% and increased in the [District of Columbia](#) by 0.7%.

Compensation survey data¹ from the high technology market indicated that the 50th percentile of merit budget for 2019 is 3.0%. ICANN's FY19 (1 July 2018 to 30 June 2019) budget for all ICANN personnel Annual Compensation Merit Review was 2%. Even so, most Officers received only a 1.8% merit increase for FY19. In addition, actual merit and salary increase results data shows that in general, companies and organizations provided a 3% merit increase and overall 3.4%² salary increase in 2018.

Based upon the above economic and compensation data, considering the quality performances of the Officers, and all of the activities and initiatives set out in the Five-Year Strategic and Operating plan calling for continued quality senior leadership, it is necessary for the Officers' compensation to be reviewed and aligned with the market.

ICANN's President and CEO has requested that he be granted the discretion to increase the FY20 base salaries of: (i) the General Counsel & Secretary; (ii) the SVP, Policy Development Support; (iii) the SVP & COO; (iv) the SVP & CFO; and the (v) SVP, Engineering & CIO by up to 3% of their current base salaries. The President and CEO has also informed the Board that he intends to also exercise the same discretion with respect to the other members of ICANN's Executive Team who are not Officers (which does not require Board approval). As set forth in the comparable information provided by ICANN's expert compensation consultants, the requested increases for each of the Officers listed here, fall slightly below or within or the established remuneration practices of the Organization. The Board agrees with the President and CEO's

¹ Data source: Radford Trends Report Technology Edition- Global Q1 2019

² The extra .4% is for promotions and other minor adjustments.

Recommendations.

Further, the Board has considered increasing the President and CEO's base salary by the same 3% being considered for the rest of the organizations' Officers and personnel. Just as for the other Officers, considering the above economic and compensation data, the quality performances of the President and CEO, and all of the activities and initiatives set out in the Five-Year Strategic and Operating plan calling for continued quality senior leadership, it is necessary for the President and CEO's compensation to be reviewed and aligned with the market. As part of this consideration, the Board notes that the President and CEO's base salary has not increased since his tenure at ICANN began in May 2016. This, notwithstanding that pursuant to the President and CEO's Executive Services Agreement, like all other organization personnel, he is entitled to regular reviews of his performance. And, in consideration of the results of these regular reviews, each year the base compensation for all ICANN organization personnel is evaluated to determine if adjustments should be made. The same should be done for the President and CEO, which is what the Board has done for the first time in three years. Even with the 3% increase, the President and CEO's base salary will be below ICANN's target range for compensation. Accordingly, the Board has approved a 3% increase to the President and CEO's base salary, effective 1 July 2019.

The salary adjustments provided under this resolution will assist these officers and the organization in fulfilling its mission and in ensuring ICANN acts in the public interest.

There will be some fiscal impact to the organization, but that impact has been anticipated within the FY20 budget. This resolution will not have any direct impact on the security, stability and resiliency of the domain name system.

This is an Organizational Administrative function that does not require public comment.

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