

To: ICANN Nominating Committee
From: PTI Board

In advance of your selection of a director to be appointed to the PTI Board at ICANN's Annual General Meeting, the PTI Board is providing some information for your consideration on skills and attributes. The skills and attributes are derived from the CWG-Stewardship proposal and the PTI Bylaws. General principles of corporate governance must also be considered.

While the PTI Board's skill set is to be evaluated as a whole, it the sense of the PTI Board that the directors appointed by the Nominating Committee together comprise as many of the skills identified below as possible.

The PTI Bylaws specify the following qualifications for PTI, in the aggregate:

5.2.3.1 Accomplished persons of integrity, objectivity, and intelligence, with reputations for sound judgment and open minds, and a demonstrated capacity for thoughtful group decision-making;

5.2.3.2 Persons with an understanding of the Corporation's purposes and the potential impact of the Corporation's decisions on the global Internet community, and committed to the success of the Corporation;

5.2.3.3 Persons who, collectively, have executive management, operational, technical, financial and corporate governance experience;

5.2.3.4 Persons who, in the aggregate, have personal familiarity with the operation of generic top-level domain registries and registrars; with country code top-level domain name registries; with IP address registries; with Internet technical standards and protocols; and with policy-implementation procedures; and

5.2.3.5 Persons who are able to work and communicate in written and spoken English.

Pursuant to the PTI Bylaws, additional qualifications include:

5.3.1 Notwithstanding anything herein to the contrary, no official of a national government or a multinational entity established by treaty or other agreement between national governments may serve as a Director. As used herein, the term "official" means a person who (a) holds an elective governmental office or (b) is employed by such government or multinational entity and whose primary function with such government or entity is to develop or influence governmental or public policies.

5.3.2 No person who serves in any capacity (including as a liaison) on any Supporting Organization Council (as used in the ICANN Bylaws) or Advisory Committee (as used in the ICANN Bylaws) shall simultaneously serve as a Director of the Corporation.

5.3.3 No person who serves on the Nominating Committee in any capacity shall be eligible for nomination by any means to any position on the Board.

5.3.4 No person who serves on the EC Administration (as used in the ICANN Bylaws) while serving in that capacity shall be considered for nomination or election to the Board, nor serve simultaneously on the EC Administration and as a Director.

5.3.5 The Nominating Committee Directors must not be, and for at least the previous three years, must not have been, (a) an employee of ICANN or the Corporation, (b) a director of ICANN, or (c) an external consultant or advisor retained by ICANN (either directly in his or her individual capacity or indirectly as an employee of an organization retained by ICANN).¹

5.3.6 In carrying out its responsibility to nominate the Nominating Committee Directors for election by the Member, the Nominating Committee shall seek to ensure that the Board is composed of Directors who, in the aggregate, display diversity in geography, culture, skills, experience and perspective, by applying the criteria set forth in Section 5.2 and Section 5.3.

Composition of Audit Committee:

PTI is required to have an Audit Committee. Under the PTI Bylaws Section 6.4, and to comport with California's Nonprofit Integrity Act, the following are excluded from service to the Audit Committee: "any person with a material financial interest in any entity doing business with the Corporation; provided, that, a Director shall not be deemed to have a financial interest if the source of such financial interest is based solely on such Director's employment with ICANN, service on ICANN's board of directors or any compensation related to such employment or service." PTI's Bylaws also require that the Audit Committee has both an ICANN-nominated and a Nominating Committee-nominated Director. When neither Nominating Committee-nominated Director does not meet the "material financial interest" test, the PTI

¹ Because of the PTI Board's size the Bylaws also include a specific restriction on "interested persons", defined as "(i) any person compensated by the Corporation for services rendered to the Corporation within the previous 12 months (other than any reasonable compensation paid to a Director as a Director), whether as a full- or part-time employee, independent contractor, or otherwise or (ii) any brother, sister, ancestor, descendant, spouse, brother-in-law, sister-in-law, son-in-law, daughter-in-law, mother-in-law or father-in-law of such person. Both the three year employment and "Interested person" exclusions are separate considerations from any statutory or regulatory definitions of independence.

Board has authorized the appointment of a non-Director member independent of both ICANN and PTI to serve on the Audit Committee. The PTI Audit Committee currently has a non-Director member serving on the PTI Audit Committee. It is desirable that the NomCom considers for nomination a Director that is capable of serving on the Audit Committee. If such a candidate is not preferred for nomination, of course, the PTI Board is able to appropriately comprise its Audit Committee relying upon an external volunteer.

Conclusion:

The PTI Board members have each independently assessed the skill sets they bring to the PTI Board, and each of the identified qualifications are represented amongst the current composition of the PTI Board. Amongst the Nominating Committee-nominated Directors, it is desirable for the Nominating Committee to consider for nomination candidates that meet as many of the identified qualifications as possible, with focus on corporate governance and financial skills, as well as familiarity with at least one of the specific functions enumerated at 5.2.3.4 above (operation of generic top-level domain registries and registrars; with country code top-level domain name registries; with IP address registries; with Internet technical standards and protocols; and with policy-implementation procedures).

Appendix

Excerpt from the IANA Stewardship Coordination Group Proposal on composition of the PTI Board:

Paragraph 1112: The PTI Board could be comprised to three directors who are employed by ICANN or PTI (for example, the ICANN Executive responsible for PTI, the ICANN CTO and the IANA Managing Director), and two additional independent directors. The two additional directors must be nominated using an appropriately rigorous nomination mechanism (e.g., through the use of the ICANN Nominating Committee). The CWG-Stewardship expects that this will avoid the need to replicate the complexity of the multistakeholder ICANN Board at the PTI level and maintain primary accountability at the ICANN level.

Paragraph 1114: The CWG-Stewardship recommends that the PTI Board skill set be evaluated as a whole and not a per member basis, while also ensuring that each individual member is suitable and appropriately qualified to serve as a director of PTI in his or her own right. Accordingly, the PTI Board's complete skill set should be balanced and cover an appropriate and complete composite of executive management, operational, technical, financial and corporate governance experience.