

ICANN BOARD SUBMISSION NO. 2021.07.29.C1b

TITLE: **President and CEO Compensation**

PROPOSED ACTION: **For Board Consideration and Approval**
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PROPOSED RESOLUTION:

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

Whereas, independent market data provided by outside expert compensation consultants indicates that current compensation for the President and CEO, is below or within ICANN's target of the 50th to 75th percentile for total cash compensation based on comparable market data.

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

Whereas, each Board member has confirmed that they are not conflicted with respect to compensation packages for the President and CEO.

Resolved (2021.07.29.Cxx), the Board approves an increase in the President and CEO's base salary in the amount of 3% effective 1 July 2021, which pursuant to resolution 2020.10.07.02, does not require an amendment to the President and CEO's Executive Services Agreement.

PROPOSED RATIONALE:

A key goal of ICANN 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. Every year all ICANN org staff are evaluated for job performance and other criteria that could result in a potential adjustment in base salary.

The President and CEO was engaged effective May 2016. At that time, he was offered a base salary and eligibility for an additional 30% of at-risk compensation. In the over five years since he began his term at ICANN, the Board has only reviewed the President and CEO's salary twice (even though the rest of ICANN org staff, including Officers,' salaries are reviewed every year). In furtherance of those two reviews, the Board approved one increase of the President and CEO's base salary of 3% per annum effective 1 July 2019, and one increase of 5% per annum effective 1 July 2020, with no change to his potential at-risk compensation percentage.

In approving the increase to the President and CEO's base salary effective 1 July 2020, the Board noted that:

Even with this increase, the President and CEO's total cash compensation will still be below ICANN's target range for compensation in most cases. In that light, the Compensation Committee has also agreed to commission

further expert reports and consider additional compensation adjustments in upcoming review periods to ensure the President and CEO's compensation is in line with ICANN org's target compensation levels. (See <https://www.icann.org/resources/board-material/resolutions-2021-02-08-en#3.a>.)

In accordance with the above, the Compensation Committee asked for and received a presentation by independent compensation experts, which described the processes used, and rationale for, scoping and benchmarking of the President and CEO position.

The Compensation Committee was comfortable with and understood the independent compensation experts' processes for scoping and benchmarking positions. In particular, the independent compensation experts, Willis Towers Watson, again explained why the market comparable data for the President and CEO position consists of a blend from one or more of three sources – Non-Profits, General Industry (as reported in Willis Towers Watson and Mercer surveys), and High Technology (as reported in Radford surveys).

Following the independent compensation experts' presentation, the Compensation Committee asked for an updated report to review the compensation during the July 2021 review period, consistent with all other ICANN org staff and the Board's 8 February 2021 resolution.

The comparable compensation data of this most recent independent compensation expert report indicate that, even with the 5% increase in base salary effective 1 July 2020, the President and CEO's potential total annual cash compensation was still significantly below the upper target of the 75th percentile of market regardless of what blend of the three relevant sources identified above is used, and is well below the lower target of the 50th percentile of market in many of the possible blends. Accordingly, the Board has determined that an adjustment to bring the President and CEO's base compensation closer to even the low end of ICANN's target compensation target is reasonable and necessary.

Based upon the above information and a proper blend of the data sources, and considering the quality performance of the President and CEO, as well as all of the activities and initiatives set out in the Five-Year Strategic and Operating plan that make clear the need for continued quality senior leadership, it is necessary for the President and CEO's compensation to be reviewed and aligned with the market. Accordingly, the Board has approved a 3% increase to the President and CEO's current base salary, effective 1 July 2021, which the Board has determined is entirely reasonable given all of the above, including the comparable market study provided by the experts.

Even with this increase, the President and CEO's total cash compensation will still be below ICANN's target range for compensation in all of the potential blends of source data.

The salary adjustment provided under this resolution will assist the organization in fulfilling its mission and in ensuring ICANN acts in the public interest by ensuring the continuity of leadership and that the organization's President and CEO is fairly and reasonably compensated.

There will be some fiscal impact to the organization, but that impact can be absorbed in the FY22 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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