

ICANN BOARD SUBMISSION NO. 2021.02.08.C3a

TITLE: **President and CEO Compensation**

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

EXECUTIVE SUMMARY:

Confidential Employment Matter

COMPENSATION COMMITTEE RECOMMENDATION:

The Compensation Committee recommends that the Board approve the proposed Board resolutions set out below.

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, is 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Board member has confirmed that they are not conflicted with respect to compensation packages for ^{Resolution Text Superseded}

Resolved (2021.02.08.Cxx), the Board approves an increase in the President and CEO's base salary for FY21 in the amount of 5% effective 1 July 2020, which pursuant to resolution 2020.10.07.02, does not require an amendment to the President and CEO's Executive Services Agreement.

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.

The President and CEO was engaged effective May 2016. At that time, he was offered and accepted a base salary and eligibility for an additional 30% of at-risk compensation. In the nearly five years since he began his term at ICANN, the President and CEO has received one increase (of 3% effective 1 July 2019), and no change to his potential at-risk compensation percentage.

ICANN retained the services of Willis Towers Watson to study comparable compensation in the relevant comparable marketplace for the President and CEO. That market comparable data for this 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).

The comparable compensation data indicate that the President and CEO's current potential total annual cash compensation is below the lower target of 50% in nearly all possible blends presented in the Willis Towers Watson study. Accordingly, the Board has determined that an adjustment to bring the President and CEO's base compensation closer to ICANN's target compensation is necessary.

Based upon the above compensation data, considering the quality performance 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. Accordingly, the Board has approved a 5% increase to the President and

CEO's base salary, 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 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.

Rationale Text Superseded

There will be some fiscal impact to the organization, but that impact has been anticipated within the FY21 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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