

ICANN Staff Remuneration Practices

As of 1 January 2016

The overarching objective of ICANN's remuneration framework is to ensure remuneration provided is competitive globally and that it provides staff with appropriate motivation for high performance toward agreed objectives. The remuneration philosophy aims to:

- Attract and retain high caliber staff
- Ensure it is competitive
- Ensure it is transparent

Role of the Board of Directors in Overseeing Remuneration for ICANN Staff

The Board of Directors of ICANN provides the overarching compensation philosophy for ICANN management and staff. The Board Compensation Committee makes recommendations to the full Board with respect to compensation for the President and Chief Executive Officer (CEO), other ICANN Officers, and the Ombudsman. The Board Compensation Committee meets regularly.

Remuneration Components

ICANN is a global organization and remuneration for staff is designed to be consistent with local practices where staff members are located. As such, not all components listed below apply to all staff members:

- Base salary
- Discretionary at-risk (bonus) eligibility based on position, and achievement of goals and objectives
- Time off benefits (vacation, holiday, sick time, bereavement, jury service, and the like)
- Health and welfare benefits (medical, dental, vision, life insurance, accidental and dismemberment, and the like)
- Retirement benefits
- Housing, and other re-location allowances

Philosophy and History

The goal of the ICANN remuneration program is to pay salaries that are competitive for comparable positions at organizations similar to ICANN in activities, scope, complexity and responsibility for the purpose of attracting and retaining the necessary talents and skills to execute ICANN's mission.

In 2011, the consulting firm of Towers Watson was retained to evaluate the existing framework for ICANN's remuneration program. Based on a thorough review of ICANN's position descriptions, analysis of ICANN's work, and meetings with both ICANN staff and the Board Compensation Committee, Towers Watson recommended that the ICANN framework be updated to reflect the following – continue to target compensation between the 50th and 75th percentile based on the benchmarking of positions, with the benchmarking of positions based

on a blend of data obtained from high-technology, not-for-profit, and general industry data. Blending of data is done for each position and is based on a number of factors including where ICANN staff would source candidates to fill positions as well as where staff go when they leave ICANN. The Board formally approved an updated remuneration framework provided by Towers Watson in May 2012.

Base Salary

In deciding to generally target compensation between the 50th and 75th percentile of the distribution of salaries paid by the blend of not-for-profit, for-profit general industry, and high technology organizations, the Board sought to ensure that ICANN is competitive for labor when recruiting to its needs. The Board also recognized that considering the potential future exigencies facing the organization, some flexibility to the principles might be necessary in certain circumstances.

Further, it is recognized that the organization might have to pay outside of the target levels in circumstances where the specialized nature of the role, the risk to the organization, the driving market forces or other supportable logic present significant issues to ICANN's on-going performance.

Periodically the Board reviews compensation for the President and CEO, and all other Officers. Executive management generally annually reviews staff compensation levels consistent with the overall remuneration framework.

ICANN uses a global compensation expert consulting firm to provide comprehensive benchmarking market data (currently Towers Watson and Radford). The market study is conducted before the salary review process. Estimates of potential compensation adjustments typically are made during the budgeting process based on current market data. The budget is then approved as part of ICANN's overall budget planning process.

Discretionary At-Risk Component

ICANN's at-risk compensation program (also referred to the "milestone management program") is designed to provide incentives to staff members for the accomplishment of specific goals and objectives throughout the year that have been identified as being of significant importance or adding value to the overall ICANN effort, as well as the way the individual goes about accomplishing those goals (the "behaviors").

The amount of at-risk pay an individual can earn is based on a combination of both the achievement of goals as well as the behaviors exhibited in achieving those goals. Whether or not to pay a staff member all or any portion of the potential at-risk compensation is at the full discretion of ICANN management. It is fair and reasonable to expect staff members (especially managers and executives) to deliver on their responsibilities, and where they fail to deliver, not to enjoy the financial benefits.

Most staff members participate in the at-risk compensation program. Senior management determines which staff members will be eligible to participate, and the level of that participation. The Board has approved a framework whereby staff members are eligible to earn an at-risk payment of up to 20 percent of base compensation as at-risk payment based on role and level in the organization, with certain senior executives eligible for 30 percent.

The available at-risk compensation is calculated at the level of participation (expressed as a percent) times the amount of base compensation earned during an evaluation period.

Most participants have an opportunity to earn a portion of their annual at-risk compensation twice a year, which is known as the “at-risk opportunity”. The at-risk opportunity is the amount of at-risk compensation that is available to be earned for an evaluation period, and is calculated by multiplying base compensation earned during the evaluation period and the at-risk target percentage. For example, a staff member could have an at-risk target of 10%, an annual base compensation of US\$50,000.00, and base compensation earned of US\$25,000.00 for the evaluation period, which would result in an at-risk opportunity of US\$2,500.00 ($US\$25,000.00 \times 10\% = US\$2,500.00$).

Actual at-risk compensation “earned” is based on the final performance score given by a participant’s manager. For example, if a staff member has an at-risk opportunity of US\$2,500.00 and a performance score of 95% for an evaluation period, the at-risk compensation earned would be US\$2,375.00 for that evaluation period ($US\$2,500.00 \times 95\% = US\$2,375.00$). Participants with performance scores at or above 100% will be eligible for 100% of the at-risk opportunity for the evaluation period. Participants with final performance scores below 50% for a given evaluation period are not eligible for an at-risk compensation for that period.

All recommendations for final performance scores made by ICANN managers must be reviewed and approved by the VP of HR.

The discretionary at-risk compensation amount is typically paid within 60 days of the end of the applicable period. Staff members must be actively reporting to work as required by ICANN on the date the payment is made, in order to receive the at-risk payment. Individuals whose working relationship with ICANN has ended before the payment is made to the majority of staff members are generally not eligible for payment. Either the President and CEO, or the Chief Operating Officer approves the processing of payments of the at-risk compensation amounts; in the case of the President and CEO, the Board approves the at-risk payment amount.

If a participant is not actively reporting to work as required by ICANN (e.g., is on short-term disability or maternity leave) for at least 25% of the evaluation period, the amount of at-risk opportunity representing the worked portion of the evaluation period as required by ICANN, will be carried over and added to the at-risk opportunity for the next evaluation period.

If a participant is hired or engaged after a predetermined eligibility date during any evaluation period, the amount of at-risk opportunity representing the worked portion of the evaluation period in which the participant was engaged or hired will be carried over and added to the at-risk opportunity for the next evaluation period.

If a participant receives a change in his or her at-risk target during the evaluation period, the new at-risk target will start to apply on the effective date of the change. For example, if a participant has an at-risk target of 10% at the start of an evaluation period and then receives a change in at-risk compensation to 20% at the halfway point of the evaluation period, then 10% would be used to determine the at-risk opportunity for the first half of the evaluation period and 20% would be used to determine the at-risk opportunity for the second half of the evaluation period.

Time Off Benefits

Time off benefits include vacation time, public holidays, sick time, bereavement leave, jury service pay, and any other paid time off required by law. Payments for these benefits are made in lieu of base pay for the benefit day(s) and are reported as part of base compensation.

Health and Welfare Benefits

Health and welfare benefits include health insurance programs (such as medical, dental or vision plans), life insurance, accidental death and dismemberment insurance, travel accident and other relevant insurances as appropriate. The types and levels of programs provided are based on competitive and regional practices as well as local law. Every effort is made to treat staff members equitably based on competitive practices in their regions. This includes providing certain staff members with benefit compensation in lieu of buying benefits directly for that staff member when such purchases are not practical or available to ICANN.

Retirement Benefits

Retirement benefits are provided to staff members based on competitive and regional practices as well as local law. Every effort is made to treat staff members equitably based on competitive practices in their regions. This includes providing certain staff members with compensation directly in lieu of contributing to a retirement scheme where such contributions are not practical or available to ICANN. Where ICANN contributes to a retirement program all contributions are made during the term of the staff member's employment. ICANN does not accrue any liability for retirement benefits to be paid at a staff member's retirement.

Housing and Other Re-location Allowances

In some instances, housing or other re-location allowances may be provided to staff members when the staff member is asked to work in a location that makes commuting from the staff member's permanent home impractical, or where a staff member is relocated at ICANN's request. The allowances, which are typically subject to ICANN's mobility policy absent special circumstances, are not intended to cover the full cost of maintaining two households. Any housing or other allowance provided is reported as taxable compensation as appropriate and applicable.

Reporting

Compensation is reported as required for staff members to the appropriate applicable jurisdiction(s). ICANN is guided in the preparation of its United States annual tax return on Form 990 (the 990).

Additional Information

The following individuals are Officers of the corporation. Accordingly, their remuneration for FY2016 is explained in detail here.

President and Chief Executive Officer

Fadi Chehadé was appointed ICANN's President and CEO, as well as a member of the Board of Directors, effective 14 September 2012. Mr. Chehadé entered into an employment agreement with ICANN effective 14 September 2012 ending 30 June 2015. This agreement was extended to 30 June 2017, although Mr. Chehadé has announced his intention to leave his post as President and CEO in March 2016. Under the terms of the agreement, Mr. Chehadé is to be

paid a base salary of US\$630,000 per year, is eligible for additional at-risk compensation of up to US\$270,000 per year, and is provided reasonable coverage under vacation, health and welfare plans including medical, dental, vision, life insurance and a 401(k) retirement plan that ICANN makes available to all its U.S. based employees.

President, Global Domains Division

Mr. Akram Atallah was appointed as Chief Operating Officer effective 20 September 2010, he also served as President and Chief Executive Officer from 1 July 2012 through 14 September 2012, and was appointed as President, Global Domains Division in June 2013. Since 1 July 2014, Mr. Atallah's compensation has consisted of a base salary of US\$481,390.00 per year, eligibility for additional at-risk compensation of up to 30 percent of his base salary per year, and reasonable coverage under vacation, health and welfare plans including medical, dental, vision, life insurance and a 401(k) retirement plan that ICANN makes available to all its U.S. based employees.

General Counsel and Secretary

Mr. John Jeffrey was appointed as General Counsel and Secretary on 2 September 2003. Since 1 July 2014, Mr. Jeffrey's compensation has consisted of a base salary of US\$418,362.29 per year, eligibility for additional at-risk compensation of up to 30 percent of his base salary per year, and reasonable coverage under vacation, health and welfare plans including medical, dental, vision, life insurance and a 401(k) retirement plan that ICANN makes available to all of its U.S. based employees.

Chief Operating Officer

Ms. Susanna Bennett was appointed as Chief Operating Officer effective 1 July 2013. Since 1 July 2015, Ms. Bennett's compensation has consisted of a base salary of US\$341,351.00 per year, eligibility for additional at-risk compensation of up to 30 percent of her base salary per year, and reasonable coverage under vacation, health and welfare plans including medical, dental, vision, life insurance and a 401(k) retirement plan that ICANN makes available to all its U.S. based employees.

Chief Financial Officer

Mr. Xavier Calvez was hired on 8 September 2011, and was formally appointed by the Board as Chief Financial Officer on 17 September 2011. Since 1 July 2014, Mr. Calvez's compensation has consisted of a base salary of US\$299,000.00, eligibility for additional at-risk compensation of up to 30 percent of his base salary per year, and reasonable coverage under vacation, health and welfare plans including medical, dental, vision, life insurance and a 401(k) retirement plan that ICANN makes available to all its U.S. based employees.

Senior Vice President Policy Development Support; General Manager, ICANN Regional Headquarters – Istanbul

Mr. David Olive was hired on 15 February 2010 and was appointed as an Officer on 28 February 2013. Since 1 July 2014, Mr. Olive's compensation has consisted of a base salary of US\$257,088.00 per year, eligibility for additional at-risk compensation of up to 30 percent of his base salary per year, and reasonable coverage under vacation, health and welfare plans including medical, dental, vision, life insurance and a 401(k) retirement plan that ICANN makes available to all its U.S. based employees. Mr. Olive is currently on an assignment in Istanbul, with responsibility for overseeing ICANN's Istanbul hub office. The assignment began on 9 December 2013, and is expected to end on 30 June 2017. Since the assignment is temporary,

Mr. Olive remains on the U.S. payroll and receives U.S. based health and retirement benefits. Additionally, Mr. Olive is also entitled to benefits pursuant to ICANN's Mobility Policy applicable to all staff members who are temporarily relocated at ICANN's request.

Chief Innovation and Information Officer

Mr. Ashwin Rangan was hired on 3 March 2014 and was formally appointed by the Board as Chief Innovation and Information Officer on 11 February 2015. Since 1 July 2015, Mr. Rangan's compensation has consisted of a base salary of US\$292,600.00 per year, eligibility for additional at-risk compensation of up to 30 percent of his base salary per year, and reasonable coverage under vacation, health and welfare plans including medical, dental, vision, life insurance and a 401(k) retirement plan that ICANN makes available to all its U.S. based employees.