

ICANN Organization Remuneration Practices – FY20 (1 July 2019 through 30 June 2020)

As of 1 June 2020

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

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

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

The ICANN Board of Directors provides the overarching compensation philosophy for the organization. Among other things, the Board Compensation Committee makes recommendations to the full Board with respect to compensation for the President and Chief Executive Officer (CEO), and all other ICANN Officers.

Remuneration Components

ICANN organization is global and its remuneration philosophy is designed to be consistent with local practices where those who work with ICANN organization are located. As such, not all components listed below apply to all of those with ICANN organization :

- Base salary
- Discretionary at-risk component (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 Willis Towers Watson (formerly 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 organization personnel and the Board Compensation Committee, Willis Towers Watson recommended that ICANN organization 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 organization would source candidates to fill positions as well as where those who leave ICANN organization go when they leave. The Board formally approved an updated remuneration framework provided by Willis 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, using a blend of not-for-profit, for-profit general industry, and high technology organizations, the Board sought to ensure that ICANN organization 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 ICANN organization compensation levels consistent with the overall remuneration framework.

ICANN organization uses a global compensation expert consulting firm to provide comprehensive benchmarking market data (currently Willis Towers Watson, Mercer 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 is designed to provide incentives to those who work at ICANN organization 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 ICANN organization personnel all or any portion of their potential at-risk compensation is at the full discretion of ICANN management. It is fair and reasonable to expect those with ICANN organization (especially managers and executives) to deliver on their responsibilities, and where they fail to deliver, not to enjoy the financial benefits.

Most who work at ICANN organization participate in the at-risk compensation program. Senior management determines which individuals will be eligible to participate, and the level of that participation. The Board has approved a framework whereby ICANN organization personnel 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 executives eligible for up to 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, someone who works at ICANN organization could have an at-risk target of 10%, an annual base compensation of US\$50,000, and base compensation earned of US\$25,000 for the evaluation period, which would result in an at-risk opportunity of US\$2,500 ($US\$25,000 \times 10\% = US\$2,500$).

Actual at-risk compensation “earned” is based on the final performance score given by a participant’s manager. For example, if an individual has an at-risk opportunity of US\$2,500 and a performance score of 95% for an evaluation period, the at-risk compensation earned would be US\$2,375 for that evaluation period ($US\$2,500 \times 95\% = US\$2,375$). 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 SVP of Global HR.

The discretionary at-risk compensation amount is typically paid within 60 days of the end of the applicable period. ICANN organization personnel must be actively reporting to work as required by ICANN organization 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 at-risk compensation recipients are generally not eligible for payment. Either the President and CEO, or the SVP of Global HR 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 organization (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 organization, 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 target 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 ICANN organization personnel equitably based on competitive practices in their regions. This includes providing certain individuals with benefit compensation in lieu of buying benefits directly for them when such purchases are not practical or available to ICANN organization.

Retirement Benefits

Retirement benefits are provided to those who work at ICANN organization based on competitive and regional practices as well as local law. Every effort is made to treat individuals equitably based on competitive practices in their regions. This includes providing certain individuals 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 individual's term of employment. ICANN organization does not accrue any liability for retirement benefits to be paid upon retirement of anyone who work at the organization.

Housing and Other Relocation Allowances

In some instances, housing or other re-location allowances may be provided to individuals when they are asked to work in a location that makes commuting from their permanent home impractical, or where they are relocated at ICANN organization's request. The allowances, which are typically subject to the organization'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.

Additional Information

The following individuals are Officers of the organization. Accordingly, their remuneration for FY20 is explained in detail here.

President and Chief Executive Officer

Göran Marby was appointed ICANN's President and CEO, as well as a member of the Board of Directors, effective 23 May 2016. Mr. Marby entered into an employment agreement with ICANN effective 23 May 2016. Since 1 July 2019, Mr. Marby is to be paid a base salary of US\$673,461.54 per year, is eligible for additional at-risk compensation of up to 30 percent of base 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..

General Counsel and Secretary

Mr. John Jeffrey was appointed as General Counsel and Secretary on 2 September 2003. Since 1 June 2020, Mr. Jeffrey's compensation has consisted of a base salary of US\$500,515 per year, eligibility for additional at-risk compensation of up to 30 percent of base pay 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. Additionally, starting 1 January 2019, Mr. Jeffrey has received a monthly stipend of US\$3,000 for serving as a deputy to the President and CEO. This stipend will last only so long as Mr. Jeffrey continues to act as one of the President and CEO's deputies.

Senior Vice President, Global Domains Division (GDD) and Strategy

Theresa Swinehart, was named SVP, Multistakeholder Strategy & Strategic Initiatives effective 5 Feb 2016, and was formally appointed by the Board as an Officer of the organization effective 16 January 2019. Due to a reorganization effective 1 June 2020, Ms. Swinehart's was named SVP, Global Domains Division (GDD) and Strategy. Since 1 June 2020, Ms. Swinehart's compensation has consisted of a base salary of US\$401,500 per year, eligibility for additional at-risk compensation of up to 30 percent of base 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. Additionally, starting 1 January 2019, Ms. Swinehart has received a monthly stipend of US\$3,000 for serving as a deputy to the President and CEO. This stipend will last only so long as Ms. Swinehart continues to act as one of the President and CEO's deputies.

Chief Operating Officer

Ms. Susanna Bennett was appointed as Chief Operating Officer effective 1 July 2013. Since 1 July 2019, Ms. Bennett's compensation has consisted of a base salary of US\$372,344.33 per year, eligibility for additional at-risk compensation of up to 30 percent of base 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. [Note: Ms. Bennett retired effective 1 July 2020.]

Senior Vice President, Planning and 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 June 2020, Mr. Calvez's compensation has consisted of a base salary of US\$416,408, eligibility for additional at-risk compensation of up to 30 percent of base 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

Mr. David Olive was hired on 15 February 2010, and was formally appointed by the Board as an Officer of the organization on 28 February 2013. Since 1 July 2019, Mr. Olive's compensation has consisted of a base salary of US\$297,170.74 per year, eligibility for additional at-risk compensation of up to 30 percent of base 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, Engineering & Chief 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 2019, Mr. Rangan's compensation has consisted of a base salary of US\$337,965.41 per year, eligibility for additional at-risk compensation of up to 30 percent of base pay 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.