Board Performance and Work Practices - Recommendations 1-2-3

Implementation Briefing for the Third Accountability & Transparency Review Team (ATRT3)

Recommendation 1

The Board should develop objective measures for determining the quality of ICANN Board members and the success of Board improvement efforts, and analyze those findings over time.

Implementation Status

Fully implemented as of February 2016. Executive summary and archives available at: https://community.icann.org/display/atrt/Rec+%231

Deliverables

This project had both short-term and long-term components. The ICANN organization (ICANN org) mapped out specific tasks, milestones, deliverables and dependencies to implement all aspects of the ATRT2 recommendation 1.

Deliverables assigned to the ICANN org were as follows:

Deliverable	Responsible	Status
Develop Board member skills assessment	ICANN org	✓
Ensure Board members complete Board Members skills assessment	ICANN org	✓
Develop "onboarding" training program	ICANN org	✓
Develop training platform to host onboarding/development/ongoing training resources	ICANN org	✓
Develop post-training assessment	ICANN org	✓
Publication of training material	ICANN org	✓
Initial set of KPIs including training efficiency and Board performance documented and vetted with the BGC and the Board in preparation for operationalization	ICANN org	✓
Development of a list of preferred development/ongoing training providers, with geographical representation	ICANN org	✓

Results and Implementation Details

Skills Assessment

The Board has long focused on confirming that it has the skills it needs to serve ICANN. As part of its regular communications with the Nominating Committee, through the Board Governance Committee (BGC), it has considered the skills amongst Board members and provided inputs to the Nominating Committee on potential gaps to be filled. This skill set work has been formalized into a priority of the Board, as announced by the ICANN Board Chair Cherine Chalaby in October 2017. As part of the Board's priority setting, in FY18 it identified Priority 3.1 "The Board is focused on ensuring that it has all of the skill sets needed to serve ICANN. To this end, we are undertaking a "gap analysis" (existing skill set, needed skill set, missing skill set) and, based on the results, we will develop a three-year rolling plan to guide Board member training and inform Board nominating bodies." See
https://www.icann.org/news/blog/about-the-fy18-board-activities-priorities.

This commitment was further reinforced in October 2018 in the FY19 Priorities (Priority 3.2):
https://www.icann.org/news/blog/about-the-fy19-board-activities-priorities

The BGC, which is responsible for assisting the Board to enhance its performance, is working on a three-year rolling plan for Board skills that aims at guiding the Board members in planning for their future training and informing the Board-member nominating bodies on skills needed, from a Board perspective.

In order to have the information needed to create such a plan, the Board determined it needed to do the following:

- Understand the Board's current capacity (the Board members currently self-assess their skills each year).
- Understand the ICANN community demands, perhaps through a review of those demands.
- Perform a gap analysis of desired end state versus current state, which requires an understanding of the desired end state.

The Board has tasked the BGC to perform the aforementioned steps and the BGC is currently working on it.

The ICANN org currently assesses Board member skills through a full Board self-assessment as well as through individual Board member peer reviews.

Board Self-Assessment

The latest Board self-assessment was undertaken in 2018. Prior to that, the most recent self-assessment was conducted in 2016. The self-assessment aims at helping the Board members continuously improve their contributions and also allows the Board, as a whole, to better understand areas for improvement. The results of the 2018 Board self-assessment were

analyzed by the Board at its September 2018 workshop and found that improvements were made in many areas since the 2016 self-assessment, but agreed there is always room for improvement. The Board is currently in the process of implementing improvements to address some of the results of the latest self-assessment. The results of the 2018 Board self-assessment will feed back into inputs to the community on recruitment and training of new Board members.

Individual Self-Assessment / Training Plans

New Board members are required to complete self-assessment forms describing their experience which serve as a basis for the development of individual, tailor-made, training plans for each Board member. Their input also serves to inform any general training for the full Board that might be beneficial.

The self-assessment form was developed by the BGC. In developing this self-assessment form, the BGC took into consideration the need for new Directors to master different skills in various areas, such as board governance, basics of finance and audit, technical understanding of the Internet architecture and protocols, including the IANA functions, as well as board tools such as the use of online conference calls systems, that will enable meaningful contribution to the Board's work and enhance the Board's effectiveness. The BGC kept the form simple to encourage the Board members to be as open as possible about their skill sets and possible areas of development.

Newcomers to the Board are requested to complete this Board self-assessment template before taking their seats indicating their past experience and the training they would require in each of the aforementioned areas. Individual Board members also have the opportunity for training in other specific fields relevant to their role on the Board (i.e., communications, chairing skills, languages, etc.).

As explained above, the new Board member self-assessment serves as a basis to develop the individual Board members' training plans. A plan is established by each individual Board member, assisted by the Board operations team. It is established at a minimum for a member's first year on the Board and sometimes across the Board member's entire three-year term, taking into consideration the most urgent needs and requirements as well as the Board member's availability.

Individual detailed training plans are submitted to the BGC chair. Upon approval of the individual training plans, the ICANN org (the Board operations team, in coordination with relevant executives) provides tailor-made recommendations and guidance to Board members as to how to reach their respective development goals. Specifically, the ICANN org will discuss needs and expectations with individual Board members, as well as each Board member's time availability, and assist with identifying and registering for dedicated training programs. In the rare event the BGC chair deems a training plan incomplete or not fit for purpose, the BGC chair and the Board operations team would provide additional guidance and recommendations to the Board member in order to facilitate his or her development.

A list of preferred training providers with geographical representation is available to Board members based on past assessments and is regularly updated and refined by the ICANN org. This list, made of major and reputed training providers worldwide (highly-regarded universities, major board training providers and official institutes of directors) was established based on past assessments and recommendations from Board members and ICANN org executives. It is made available to Board members upon request. The purpose of this list is to facilitate the search for suitable training opportunities where Board members live. Similarly, a list of all recommended trainings of relevance to the ICANN Board in board governance, finance and audit, has been established and is kept up-to-date by the Board operations team. The Board operations team has developed good contacts with program managers in major universities/ institutes of directors in order to facilitate the enrollment of ICANN directors when feasible.

BGC members, assisted by the relevant ICANN org members, continue to ensure that the Board is comfortable with the process of assessing their skill sets and following relevant trainings.

To ensure that newcomers to the Board are properly guided through their first year and acquire the appropriate level of knowledge as smoothly and promptly as possible, a mentorship program has been developed. Through the program, new Board members are offered guidance, support and a specifically assigned Board connection during their first year of service.

The Board mentorship program focuses on:

- Fully integrating the new Board members by helping them understand their responsibilities within ICANN's environment and "who does what" within the ICANN org and ICANN's community.
- Helping new Board members learn and understand Board procedures.
- Helping the new Board members understand how they can contribute to the Board based on their knowledge and skill sets.

The program accomplishes these objectives by:

- More fully engaging new Board members, helping them feel comfortable and welcomed via one-on-one Board member connections.
- Helping new Board members to fully understand ICANN's strategic priorities and direction, and how best to contribute to ICANN and Board related initiatives.
- Providing knowledge and perspectives about ICANN Board culture, Board and committee meetings format, Board structure and how things get done at the Board/committee levels.
- Providing an overview of the Board members, Board roles and responsibilities, and expectations for Board members' meeting preparation and attendance.
- Providing experts on the Board who can answer specific, in depth questions in specific subject areas.

The details of the training programs currently proposed to the Board is included below (see Training Programs). It is worth noting that more Board members are attending trainings over the years and the interest in the training opportunities continue to increase. Key performance

indicators (KPIs) of Board trainings can be followed on: https://icann-qa.icann.org/accountability-indicators.

In addition, during the last Board workshop attended by a departing Board member, that Board member is provided a dedicated face-to-face session with the Board, at which they are able to share freely their experience and recommendations to help ICANN learn from their experience as an ICANN Board member.

Key Performance Indicators (KPIs)

With regards to the measurement of the effectiveness of the Board's functioning, in February 2016, the Board approved an initial set of KPIs based on best practices in nonprofit public benefit corporations and on ICANN's Bylaws and agreed to continue to develop a more comprehensive, richer set of KPIs and other relevant metrics with which the Board can measure its effectiveness and improvement over time – see the Board resolution for more details.

The tracking and analysis of these metrics over time was considered as a way to help ICANN measure progress and identify areas needing adjustment; this is part of the ongoing effort overseen by the BGC.

Since the initial set of KPIs, the Board has worked on its organizational internal processes to improve its efficiency. The Board revised its ways of working and put in place new processes such as the annual Board goals and responsibilities, the revised interaction with the ICANN community during constituency day (provision of questions ahead of the meetings to help structure and facilitate the dialogue), regular communications from the Board and the ICANN org's leadership (i.e., Board chair and President and CEO blogs), improved internal organization through the creation of Board subgroups to better share the workload while maximizing the use of Board member expertise (i.e., Board agenda planning group, Board caucus group on strategic planning, etc.).

The second set of more substantial KPIs has therefore been delayed in order to be more adapted and relevant to the new Board processes that were developed in the past three years. It is now in the process of being drafted and will be submitted for assessment by the BGC in the second half of 2019.

With regards to the individual improvement efforts, given the significant challenge in developing objective metrics to measure an individual's skill set, as well as how to objectively measure improvements over time, the ICANN org spent time with experts (such as third party trainers and Board assessment experts) during the development process to help the BGC determine a first set of KPIs based on best practices in non-profit public benefit corporations. This draft set will also be submitted to the BGC for review in the second half of 2019. One of the key elements of measurement is, of course, the individual trainings attended; this element is tracked and can be viewed at: https://icann-qa.icann.org/accountability-indicators.

Onboarding Program

The BGC worked with the ICANN org to develop a comprehensive onboarding training program that is aimed at ensuring new Board members will be able to carry out their roles and responsibilities effectively. This full on-boarding training program has been developed by the Board operations team, assisted by ICANN's Legal team and under the oversight of the BGC. It initially encompassed governance principles/best practices, basic finance, budget and fiduciary responsibilities, history of ICANN, structure and role of the SOs and ACs, law and regulation and tools.

The first session of the comprehensive on-boarding training program was held on 24 April 2015, to help ensure the Board members have a common set of skills and understanding of their fiduciary duties. Following the assessment of this training session, the material was further developed and new Board members completed a full day onboarding training during ICANN54 in October 2015.

Since then, the onboarding program, which is revised and assessed yearly, has been improved with the addition of: (i) an ICANN org overview session run by the President and CEO; (ii) a communications course; (iii) a policy development training webinar; and (iv) a contractual agreements webinar. The onboarding program is compulsory for all newcomers to the ICANN Board. In the event a new Board member cannot attend the onboarding program, the ICANN org ensures that the recordings of the trainings are made available to the Board member through a specific place on ICANN Learn and monitors that the Board member completes the online modules within eight weeks of the Board member's official appointment.

The onboarding program is provided before the start of the annual general meeting every year and is supplemented by the individual training program which is open to every Board member. Several additional opportunities are also recommended to new Board members such as participation in the community leadership training program, the Board mentorship program described above, ICANN Learn modules, participation in committees as observers or training organized for the full Board, etc.

The ICANN org publishes the training materials developed by third parties to the extent it has the right to do so. Therefore, the list of training materials posted on the ICANN page is not exhaustive (https://www.icann.org/resources/pages/training-materials-2015-06-09-en)

Training Programs

In addition to the onboarding training, the ICANN org has put in place three different types of training programs for the Board:

- Individual Training Program: based on individual training plans (as explained above) and building on the training recommendation from the BGC of 23 March 2014 approved by the Board on 30 April 2014 (https://www.icann.org/en/system/files/files/board-training-30apr14-en.pdf). Board members are entitled to use US$10,000/year (incl. travel costs) for training aligned with their approved training plans.

- Committee Training Program: based on the work plans of Board committees and considering the need for Board members to be kept abreast of best practices, fiduciary responsibilities, changes in regulations, specific topics addressed at the committee level, regular trainings specifically adapted to committees are provided (e.g., audit committee training).

- Full Board Training Program: on a need-to-know basis, full Board trainings are being provided to reinforce specific knowledge and understanding of the Board. The ICANN org is currently working on fully aligning this program with the Board goals and responsibilities for each fiscal year (e.g., communications training, as mentioned by the Board chair in his ICANN62 blog at https://www.icann.org/news/blog/chair-s-blog-icann62-meeting-board-workshop).

When feasible and relevant, the proposed trainings make the most of the resources available across the ICANN community and within the ICANN org.

Additionally, a Board training platform has been assembled in partnership with ICANN Learn (http://learn.icann.org), in order to make accessible to Board members a wide range of resources available across the ICANN community.

Assessments of the trainings provided are conducted to measure the effectiveness of the programs and improvement efforts, and to determine what additional steps can be taken to further improve the quality of the training programs.

The ICANN org and external providers evaluate, through surveys and post-training assessments, the quality of each training provided to the Board in order to implement improvements on an ongoing basis.

As mentioned previously, the BGC oversees this as part of the board performance and improvement efforts.

Useful Links

About the FY18 Board Activities and Priorities - https://www.icann.org/news/blog/about-the-fy18-board-activities-priorities

About the FY19 Board Activities and Priorities - https://www.icann.org/news/blog/about-the-fy19-board-activities-priorities

Board training KPIs - https://icann-qa.icann.org/accountability-indicators

Board resolution on establishing a set of KPIs for Board performance and improvement efforts - https://features.icann.org/establishing-set-kpis-board-performance-and-improvement-efforts-atrt2-rec-1-2-3

Board training materials:
https://www.icann.org/resources/pages/training-materials-2015-06-09-en

ICANN Learn: http://learn.icann.org

Recommendation 2

The Board should develop metrics to measure the effectiveness of the Board's functioning and improvement efforts, and publish the materials used for training to gauge levels of improvement.

Implementation Status

Fully implemented as of February 2016. Executive summary and archives available at:
https://community.icann.org/display/atrt/Rec+%232

Deliverables

See deliverables for recommendation 1.

Results and Implementation Details

See results and implementation details for recommendation 1.

Useful Links

See recommendation 1.

Recommendation 3

The Board should conduct qualitative/quantitative studies to determine how the qualifications of Board candidate pools change over time, and should regularly assess Director's compensation levels against prevailing standards.

Implementation Status

Fully implemented as of February 2016. Executive summary and archives available at:
https://community.icann.org/display/atrt/Rec+%233

Deliverables

Deliverable	Responsible	Status
Develop a Board self-assessment questionnaire	ICANN org	✓
Ensure that the Board completes self-assessment questionnaire	ICANN org	✓
Develop Post Training Skills Assessment	ICANN org	✓
Operationalize regular assessment of Directors' Compensation	ICANN org	✓
Initial set of KPIs including training efficiency and Board Performance documented and vetted with the BGC and the Board in preparation for operationalization	ICANN org	✓
Recommendation Complete/Operationalized	ICANN org	✓

Results and Implementation Details

Self-Assessment Questionnaire

With respect to the first part of this recommendation, the Board does not have insight into all of the Board candidate pools. This falls within the remit of the Nominating Committee as well as the community groups that nominate individuals for the Board. However, to be responsive to ATRT2, the Board offered to discuss this topic with the Nominating Committee during joint meetings, at least once a year, which the Board, through the BGC, provides input regarding required skill sets. The Board also provides this input in official correspondence that the Nominating Committee appreciates and requests annually. For last year's letter guidance to the Nominating Committee, please see:
https://www.icann.org/en/system/files/correspondence/chalaby-to-nomcom-21dec18-en.pdf

As explained under recommendation 1, since FY18 the Board has made Board skills adequacy one of its priorities.

Consequently, the BGC, which is responsible for assisting the Board to enhance its performance, is working on a three-year rolling plan for Board skills that aims at guiding the Board members in planning for their future training and to inform the Board-member nominating bodies on skills needed, from a Board perspective. This plan will hopefully feed back into training of new members.

In addition, the Board's self-evaluation which was undertaken most recently in 2018, helps the Board to better understand areas for improvement. The results of the 2018 Board self-assessment were analyzed by the Board at its September 2018 workshop and found that improvements were made in many areas since the 2016 self-assessment, but agreed that there is always room for improvement. The Board is currently in the process of implementing improvements to address some of the results of the latest self-assessment. The findings will feed back into recruitment and training of new Board members.

As explained previously, the ICANN org put in place a development/ongoing training program to build new skills and knowledge within the Board to enhance Board and Board member performance in specific areas of expertise. See recommendations 1 and 2 for more information.

Post-Training

Assessments of the trainings provided are conducted to measure the effectiveness of the programs and improvement efforts, and to determine what additional steps can be taken to further improve the quality of the training programs.

The ICANN org and external providers assess the quality of each training provided to the Board, through surveys and post-training evaluations, in order to implement improvements on an ongoing basis. As mentioned previously, the BGC oversees this process as part of the Board performance and improvement efforts.

Moreover, Board members leaving the Board have a dedicated face-to-face session with the Board at the final Board workshop they attend, during which they are able to share freely their experience and recommendations to help ICANN learn from their experience as ICANN Board members.

Compensation

The process for benchmarking Directors' compensation has been operationalized for several years. Since 2009, the Board has regularly directed the ICANN org to carry out studies on ICANN Board members' compensation and approved the appointment of an independent valuation expert to advise the Board regarding compensation arrangements. (See https://features.icann.org/2009-09-30-study-icann-board-compensation and https://www.icann.org/resources/board-material/minutes-2010-02-04-en).

The initial efforts led first to approving compensation for the Board Chair in August 2010 (see https://features.icann.org/2011-08-25-process-steps-consideration-board-remuneration). This effort was followed up by the approval of compensation for the other Board members in December 2011 (see

https://features.icann.org/2011-12-08-atrt-recommendation-5-board-compensation). The most recent benchmarking of Board member compensation took place in 2014, as identified in the July 2014 resolution on Board compensation (see https://www.icann.org/resources/board-material/resolutions-2014-07-30-en#2.b). The independent valuation report on Board compensation that led to this resolution was posted for public comment on 30 April 2014 (see https://www.icann.org/en/system/files/files/board-compensation-considerations-30apr14-en.pdf). As indicated in this report, the plan is to review Board member compensation regularly to the extent practical and feasible. This report also clearly sets forth those entities with which the Board should look at for potentially comparable circumstances and compensation arrangements. Decisions on compensation of Board members in a U.S. not-for-profit corporation also must comply with specific requirements under U.S. regulations, and ICANN is careful to adhere to those limitations when conducting reviews and taking compensation-related decisions.

The Board Compensation Committee is responsible for initiating Board member compensation review, and then making recommendations to the Board to the extent any changes to Board compensation are recommended. In January 2019, the Compensation Committee discussed whether it should call for an updated analysis of Board compensation at this time. The Compensation Committee determined that with the recent flattening of revenue it did not make sense to spend the money on an analysis at present. The Compensation Committee has this item on its ongoing work plan and will discuss the item again next year as appropriate.

Key Performance Indicators (KPIs)

See details in recommendation 1 under Key Performance Indicators (KPIs).

Useful Links

2009 study of ICANN Board compensation -
https://features.icann.org/2009-09-30-study-icann-board-compensation

4 February 2010 Board meeting minutes -
https://www.icann.org/resources/board-material/minutes-2010-02-04-en

Process steps for consideration of Board remuneration -
https://features.icann.org/2011-08-25-process-steps-consideration-board-remuneration

8 December 2011 Board resolution on ATRT recommendation 5 Board compensation -
https://features.icann.org/2011-12-08-atrt-recommendation-5-board-compensation

2014 independent valuation report on Board compensation -
https://www.icann.org/en/system/files/files/board-compensation-considerations-30apr14-en.pdf

30 July 2014 Board resolution on Board member compensation -
https://www.icann.org/resources/board-material/resolutions-2014-07-30-en#2.b

2017 guidance to Nominating Committee -
https://www.icann.org/en/system/files/correspondence/icann-board-to-nomcom-21dec17-en.pdf