ICANN's Conflicts of Interest and Ethics Review

12 March 2012

Agenda

1. Review of Plan
2. Updates on Work
3. Questions

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Review of Plan

Adopting Best Practices

As presented in Dakar, ICANN is now working to:

- Enhance its COI Policy to more clearly address hard cases and *perceptions* of conflicts

- Enhance and improve Code of Conduct

- Meet highest standard of ethical practices

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Three Reviews: Part One

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ICANN's corporate law firm is reviewing our current working documents, including our "Conflicts of Interest Policies", "Code of Conduct" and "Employee Handbooks," among other documents, to enhance the focus on best practices for conflicts and ethics.

Three Reviews: Part Two

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A new independent law firm (not involved in ICANN processes) is reviewing ICANN's documentation, comparing ICANN to similarly situated non-profits and making recommendations for enhancements.

Three Reviews: Part Three

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- An international expert group to review ICANN's ethics, conflicts and governance mechanisms and make recommendations.

- Will focus on ICANN's global function and the best practices of other international organizations.

COSTA RICA
11-16 March 2012

Achievements to Date

- Board adopted strict rules for consideration of New gTLD applications

- Formed BGC Subcommittee on Conflicts and Ethics, comprised of three independent directors:

- Cherine Chalaby, Bill Graham and Ray Plzak

Achievements to Date

- Posted proposed revisions for Conflicts of Interest Policy, Code of Conduct, and Expected Standards of Behavior

- Posted proposed Corporate Governance Guidelines

- Retained Experts

Achievements to Date (cont.)

- Creation of "Governance Documents" Page on ICANN.org to make information easier to find

Updates on Work

Part One: Review of Working Documents and Practices

Lizanne Thomas heads Jones Day's global corporate governance team. She participates in more than 100 board meetings per year as counsel to public companies. Lizanne is also a member of the Board of Directors of Krispy Kreme Doughnuts, Inc. where she serves as chair of the Governance Committee, member of the Compensation Committee.

Corporate Governance Recommendations

Lizanne Thomas, Global Governance Team Chair

March 12, 2012

Keys to Effective Corporate Governance

Corporate governance is not an end in itself. It is a tool designed to facilitate sound and thorough decision-making, without self-interest.

Keys to Effective Corporate Governance

- "*Tone at the top*": a consistent tone and devotion to integrity and ethics

- *Transparency*: openness, communication and accountability

- *Clarity of Role Definition for Board and Management*
  - Duty is to company, not any constituency, regardless of source of election
  - Culture of continuous improvement in director education
  - Balancing Board oversight and staff management roles

ICANN Corporate Governance Successes

- A multi-stakeholder policy development processes

- ICANN's extraordinary commitment to transparency

- Unprecedented community and stakeholder involvement

- A diverse Board

- Mechanisms for Board accountability and review (Ombudsman, Reconsideration and Independent Review processes)

- Numerous existing governance policies and procedures in place

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ICANN Corporate Governance Opportunities

- Desire to achieve the highest standards in ethics and integrity

- Streamline and consolidate corporate governance policies, practice and procedures
  - Multiple sources create potential for confusion or conflict

- Updates to reflect maturing organization

Near Term Potential Action Items

- Update Board Conflicts of Interest Policy

- Adopt Corporate Governance Guidelines

- Refresh Board Code of Conduct

- Refresh Expected Standards of Behavior

- Update governance page on ICANN's website

This Is Just The Beginning

- A cooperative effort to enhance ICANN's ethics policies, including the adoption of a company-wide Code of Ethics

- Consider longer range governance changes reflective of evolution of ICANN

Part Two: Review of Working Documents and Practices

Cooley LLP

- Joel Brenner

- Christopher Grogan

Part Two: Review of Working Documents

Conducted Two Reviews

- Review 1: Conducted initial corporate governance review of document availability on the ICANN website.

- Recommendation adopted – Governance Documents page

Part Two: Review of Working Documents and Practices

Review Two: Corporate Governance Comparison Report

- Compared ICANN to a US publicly-held corporation, an International Association/NGO and an IGO

- Making recommendations based on the comparative reviews

- Report to be published

Part Three: Ethics Experts

Three Experts Identified

- Jermyn Brooks

- Aron Cramer

- Mervyn King

Part Three: Ethics Experts

- **Jermyn Brooks,** located in Europe, former World Chair of Price Waterhouse, and currently Board member of Transparency International and Chair of its Business Advisory Board. Also Chair of the Global Network Initiative.

Part Three: Ethics Experts

- **Aron Cramer,** president and CEO of Business for Social Responsibility, San Francisco, prolific speaker and writer on corporate responsibility and sustainability issues as well as advisor to many companies including the ICT industry

Part Three: Ethics Experts

- **Mervyn King**, ex-judge from South Africa, the most prominent name in corporate governance worldwide, currently honorary chair of the Global Reporting Initiative and Chair of the International Integrated Reporting Council

Thank You

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Questions