HYDERABAD – At-Large Leadership Working Session Part 2
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TIJANI BEN JEMAA: Please.

JULIE HAMMER: Thank you very much, Tijani. The BCEC (Board Candidate Evaluation Committee) is basically responsible for selecting a slate of candidates from the applicants who apply and then forwarding that to the ALAC for the voting process, which is then managed by Tijani's group.

We have two members from each RALO. I won't go through the names, but they're certainly posted on the website. We've made a lot of progress in a very short time. We've developed, confirmed, and all formally signed up to a code of conduct, as you can be aware of. There are some fairly important confidentiality requirements on our committee. So we've all formally done that.

We've developed and approved our candidate requirements, and they were made public after they were approved on the 6th of October.

We've developed and approved our BCEC operational guidelines and procedures. They're also available on the website. They were approved by out committee on the 4th of October and then forwarded onto the ALAC for approval by them, and a consensus call went out, concluding on the 18th of October.

At then 00:01 UTC on the 19th of October, staff sent out the call for expressions of interest in the Board member selection.

Since that time – and in fact, even before that time – the committee has also been developing some new Web tools to assist us in our evaluation process, and we've based them on the tools that are used by NomCom. It evolved them even a little bit further.

We're also trialing those tools based on some trial expressions of interest. I can share with you that there's some pretty dodgy characters that have applied in those trial expressions of interest. I'm sure you have every confidence that we will not select them as your trial Board member.

We're also working towards having a fairly robust and detailed process in place, along with a schedule, to kick off as soon as the nominations close on the 18th of November to have our final slate of candidates ready to send to the ALAC on the 22nd of December.

So we've been working hard. All of the committee members have been contributing a lot of time to this, and they're about to contribute a lot more time.

That's my update. Thank you.

TIJANI BEN JEMAA: Thank you very much, Julie. As you have heard from Julie, the BCEC is more or less our NomCom. They are collecting the EOIs of the candidates. They are selecting them according to some criteria, etc.

When they are done, when they give us the slate of candidates, our roll call will start. The BMSPC work will start. Of course, we started our work from the beginning because we set up the guidelines for the whole process, and the BCEC accepted it. So it is now the timeline for the whole process. Our work, of course, concerns all of the process, except things that are the duty of the BCEC.

So our work will start just after they finish their selection. As you know, the RALOs have the ability to propose to include candidates that already submitted EOIs to the BCEC but were not selected. So any RALO can choose to propose to add one of them. This ability is conditioned by having the support of two other RALOs.

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After that, when everything is finished about that, we will have the final slate, and then the process of selection will start. So the BSMPC set first the timelines and have now guidelines for the 2017 selection process.

I think I don't have anything to say more. I'm waiting for your questions, if you have them. So the floor is yours.

I see that there is no questions, so I have to thank you. We are four minutes after our time. Normally we finish at [the 15 minute mark], but we started late. So if there is no questions, we will adjourn this session and start with the next one.

Thank you.

The next point on the agenda now is an update about the FY18 budget. Normally we would have Xavier, but Xavier has another meeting. He will be joining us. Now we have Becky Nash, who is Vice-President of Finance. She will start by presenting the FY18 budget. Go ahead, please.

BECKY NASH: Thank you, Tijani. Good afternoon, everybody. My name is Becky Nash, and I'm with ICANN Finance. For today's session, we wanted to provide an operations update. This session does include slides related to the FY18 planning process as well. We

have several sections, including – if we go to the next slide, please.

Just as an overall agenda, we'll be going over the planning and budgeting process. We'll have a quick financial overview. We have a section on our enterprise risk management programs. Section #4, we have an overview of organizational excellence and our KPI Dashboard. Section #5, we do have representatives from our human resources department to discuss HR statistics and development. Finally, we have a section on security operations.

Going into this next section, this introduction, we are providing an overall overview of our organizational excellence programs. In organizational excellence, we have several of the components from the finance department as it relates to planning and budgeting and also our KPI Dashboard and other key organizational programs.

Moving on to this slide, this is an overview of our planning process. ICANN's objectives are described in its five-year strategic plan, and that's a five-year plan from July 2015 through June 2020.

Our planning process starts with the definition of our vision/mission statement. As you can see in the diagram, we then have our five-year strategic plan, which then feeds into our

five-year operating plan. Every year, we have an annual operating plan and budgeting cycle, which provides updates to the five-year operating plan and feeds into the overall strategic plan.

As part of our planning process, we have stakeholder consultation and input throughout the year, starting off with the kickoff for the planning calendar, where we held kickoff calls. Here at ICANN57, we also have stakeholder engagement opportunities.

The achievement and progress reporting happens throughout each year, using, as I said, the ICANN meetings, webinars, dashboards, and the portfolio management system.

The next slide shows our FY18 planning calendar at a high level. This particular calendar, as we discussed in the kickoff to the FY18 operating plan and budget process in our webinars, has now a new process as it relates to PTI.

As you can see on this slide, we've separated the planning calendar into the top portion of the slide, which has our PTI planning process, and the bottom portion of the slide, which is the ICANN planning process.

The PTI operating plan and budget process was launched, starting in July, and as we've indicated through e-mails, we had

a submission of the draft operating plan and budget presented to the PTI Board and to the ICANN Board. As of right now, since October 24th, the PTI operating plan and budget has been posted for public comment.

Just continuing on with the process, after the public comment period, we will have community calls, and then we will have the adoption by the PTI Board and the ICANN Board of the PTI operating plan and budget scheduled for the end of January.

At the bottom of the slide, you can see the ICANN process, which is also underway. One of the key areas that we have listed here for ICANN57 is the community consultation on the budget assumptions, where we do have a working group on the calendar on the 8th of November to go over the budget process.

That budget process for ICANN then continues on throughout the year, where we will have a public comment period starting in early March. As you can see, at the end of the process will be the adoption by the Board on or around the 15th of June. Next slide, please.

This next slide covers the FY18 documents that are included as part of the annual planning process. With the ICANN operations five-year operating plan update – and we're currently planning for FY18, which is year three – we will have updated portfolios, KPIs, dependencies, phasing, and the five-year financial model.

For the ICANN operations and PTI FY18 operating plan and budget, we have several documents that are covered in this process, where we have our funding, which we formerly called support and revenue. That's what our funding is, including the registrar fees.

We will have schedules as it relates to our operating and capital expenses, risks and opportunities, headcount, and a multi-year view of the New gTLD Program. We also provide the operating plan and budget by objective, goal, portfolio, and project. We also include a section on the SO and AC additional budget requests. Then there is going to be a new section as it relates to the bylaws – the caretaker budget.

The next slide gives a picture that has an overview of the documents and the format. We would just like to highlight that, over on the right hand side, you can see total ICANN. Total ICANN is made up of primarily two sections. The ICANN operations, which is on the left hand side, which includes the funding, formerly called revenue. It includes the baseline and multi-year project expenses. It also includes the PTI component of the IANA functions. On the right hand side, we have the New gTLD Program, with its related funding and expenses.

Down at the bottom is how we present our funds under management, where we have the ICANN operations for our

operating fund and our reserve fund. Under the New gTLD Program, we have the new gTLD funds and the auction proceeds.

On the next slide, this gives an update of our planning process and status. The draft FY18 PTI operating plan and budget, as I mentioned, has been published for public comment since October 24, 2016. It is a six-week public comment period and it will close on the 10th of December. We are on schedule for the PTI Board adoption at the end of January 2017.

For the ICANN operations five-year operating plan update and FY18 operating plan and budget, we are well underway on that process. We have had kickoff webinars that many of you here in this room participated in. As I discussed, we will have a budget working session here at ICANN57. We are on schedule to publish for public comment in March 2017.

The next item is the draft ICANN operations FY18 SO and AC additional budget requests. We are on progress to schedule that process to start in December 2016.

In the next section, we're going to go over a quick highlight of the financial overview. This first slide is our FY16 full-year (12 months) statement of activities. In general, if we focus on these financials, we can see the full year FY16, where we had actual support in revenue or funding of $126 million. We had baseline

expenses of $100 million. We had multi-year projects and initiatives, including the IANA transition initiative of $24 million. We had a net change of assets of $2 million.

This is part of our quarterly stakeholder call. We like to call attention to the fact that you can see the full report on our website. I'd also like to mention that we have recently published our FY16 audited financial statements.

For this schedule, as compared to budget, you can see that we have higher than budgeted revenue or funding for FY16, and that was higher by $12 million, primarily due to higher registry fees, from the fixed fees, and higher registry transaction-based fees.

In addition, we had higher registrar fees of approximately $8.2 million due to the increase in the number of accreditations during 2016.

This was all in addition to the baseline expenses being well under budget at $14 million. You can see $100 million as compared to $114 million. That was primarily due to lower personnel and lower travel in general as it relates to the annualized travel for ICANN meetings and other travel and meeting expenses.

This was all offset by a negative variance, as you can see, on the multi-year projects and initiatives, where we had a negative

variance of $11 million. That was attributed primarily to the IANA transition project and as it relates to the legal expenses related to the transition project, all offset by other multi-year projects coming in under budget.

As you can see on the net line, we were favorable by $15 million overall, attributed again to the funding and lower baseline expenses, partially offset by higher multi-year projects and initiative expenses.

On the next slide, we have a quick overview of our FY17 Q1 statement of activities. Again, I'd just like to highlight that the full report is available on our website. This is a Q1 estimate. Due to the timing of the quarterly stakeholder call, we used estimates at the time.

As you can see, we had funding of $32 million, which is on target to our budgeted funding of $32 million. At the end of September – again, this is three months, ending September 30th – for our baseline ICANN operations we were under budget, where our expenses came in at $24 million as compared to the budget of $29 million. Primarily that is due to lower personnel costs due to the fact that we are under budget as it compared to our budgeted headcount.

The next section is our IANA stewardship transition expenses. Here you can see that, for Q1, ending September 30th, we had an

approximate estimate of $3 million for the IANA transition as compared to the budget. This did result in a negative variance for Q1, but that is attributed to timing due to the fact that many of the activities related to the transition were basically in Q1 before the 10/1 transition date. Next slide, please.

This next slide gives our FY17 Q1 funds under management estimates. As you can see, as of September 30th for Q1, our total funds under management were $475 million. This is comprised of ICANN operations funds of $108 million as compared to the New gTLD Program-related of $367 million.

On the left-hand side is our ICANN operations, where you can see that we had an increase in ICANN operations fund under management, and that is due to ongoing operations as it relates to our funding cycle.

On the left-hand side, you can see the two components of the New gTLD Program, where we have our new gTLD application funds and the auction proceeds. There was an increase since June 30th as it relates to the July auction proceeds that were received in July.

I just wanted to pause to see if there are any questions at this time.

TIJANI BEN BEJMAA:	Thank you, Becky. Holly, you have a question?
HOLLY RAICHE:	Just a question. Have you put in any figures for 2017 in relation to new gTLDs?
BECKY NASH:	Yes. As part of our planning process, if you're speaking about the budget process for the New gTLD Program – this. That is included in our financials. However, this particular presentation relates to ICANN operations.
HOLLY RAICHE:	Just a follow-up question. If we look at the budget for 2017, you are planning on there being some expenditure and perhaps some revenue as well?
BECKY NASH:	Yes. As we published for our FY17 budget, we do have the New gTLD Program with its related revenue and the expenses as published in our document.
TIJANI BEN JEMAA:	Thank you, Becky. Thank you, Holly. Any other questions, please? Yes, Glenn.

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GLENN MCKNIGHT: Thank you for the presentation. Can you go back to the last slide? Just a question on the relationship between the new gTLD funds and the auction funds. I noticed that it has increased in the second quarter. Is that cumulative? Is that adding the previous amount? Because looking at the ratios, it's a little confusing to me.

BECKY NASH: Thank you for your question. This slide shows our funds under management at a point in time, so these are the balances on hand as of that date. If you're asking about the increase from the 30th of June 2016 to the 30th of September 2016, the auction proceeds increased due to the fact that there was an auction that was held in July. The funds were received in that month, which would be part of that 30th of September number.

TIJANI BEN JEMAA: Thank you, Becky. Any other questions? Okay. Seun?

SEUN OJEDEJI: Thank you. Thank you for the presentation. I just want to make a comment and ask a question. Thank God the IANA transition is over. There's a difference of an over 80% increase in the

variation in the budget. It's quite significant. Is there any measures that are being put in place now to ensure that subsequent budgets for 2017 do not experience a significant variation in what is actually budgeted for the WS 2, for instance? Thank you.

BECKY NASH: Thank you for your question. That's a very good point. As you could see, we have presented both the FY16 IANA transition project expenses, along with the FY17 Q1. In FY17, there has been a process put in place to closely monitor the expenses. There is additional information on our website as it relates to a new process for budget ownership, called the PCST.

With the cooperation from the Co-Chairs and the CCWG, we are closely monitoring all the expenses and providing timely feedback in order to ensure that the costs stay within budget or close or near to budget.

TIJANI BEN JEMAA: Thank you. Any other questions?

Becky, can you explain why the PTI budget should be approved by the PTI Board in January while, for the whole budget of ICANN, the public comment will be done in March?

BECKY NASH:
Thank you for your question. It was actually the draft FY18 budget for PTI that was reviewed by the PTI Board and approved for publication. The actual budget then goes through the public comment period. With community involvement and consultation, then a final budget is presented to the PTI Board by the end of January.

So perhaps I misspoke or I wasn't clear that the PTI Board only approved the PTI FY18 operating plan and budget for public comment.

TIJANI BEN JEMAA:
Thank you very much. I see that Xavier Calvez is here now, the CFO of ICANN. Xavier, I will give you the floor. Go ahead, please.

XAVIER CALVEZ:
I just wanted to add a little bit to what Becky just said. The approval of the budget by the PTI Board is adequate simply because the PTI budget is under the authority of the PTI Board.

Now, PTI is an affiliate of ICANN. In other words, it's a "fully owned" subsidiary of ICANN. The approval of the PTI budget by the PTI Board is a formality that is necessary and that happens at that time simply because the budget will have gone through a

public comment period. The PTI budget is right now under public comment. It has been published on the 24th of October for 45 days, so it's under public comment.

Once the public comments will have been received and evaluated and responded to, then that budget is ready for approval by the Board.

To your point, then this budget for the affiliate that PTI is will then be included in the ICANN budget, itself submitted for public comment as a whole.

It's possible that there could be comments on the PTI budget as part of the ICANN public comment process that lead to necessary changes to that PTI budget. It's possible that it happens and it's possible that then the Board considers those comments – the PTI Board – and then decides effectively to amend further the budget of PTI.

So the approval by the Board of PTI in January is not preventing further changes, but it validates, if you wish, the fact that the budget has been reviewed, comments have been received, those comments were taken into account, and a final budget is available.

TIJANI BEN JEMAA: Thank you, Xavier. In fact, it wasn't a question that I answered. I know the answer. I asked it before. But it is only to highlight that this new layer, this other layer, of approval prevented us from having a consultation with the community prior to the PTI Board approval. It would be only the public comment. Why for the whole budget would we have a consultation with the [inaudible] of the community, the public comments, and then the approval?

Thank you very much, Xavier. I have Sebastien in the queue. Sebastien, please go ahead.

SEBASTIEN BACHOLLET: Thank you very much. I have a question for Becky. Did your boss tell you that, each time you use an acronym, you have to put one dollar in the basket? If not, you need to ask him because he needs to pay for you.

Please, try your best next time not to use those acronyms – horrible – that a lot of us can't understand. Even after a few years in this organization, we invent each day a new acronym we can't follow. Keep it simple, please, in the future.

BECKY NASH: Thank you for the comment. I will certainly try to keep it simple.

TIJANI BEN JEMAA: Thank you, Becky. Xavier, do you want to explain more, if you want, about the process, about the development of the budget?

XAVIER CALVEZ: Becky went over it. I think this next year's budget process will very much look like the past couple years', with the notable exception, of course, of the PTI budget process, which has been carved out, I would say, from the annual ICANN budget process, with the specific timing and specific public comment process.

To your point earlier about the lack of engagement prior to the public comment period, you may have noticed that the transition occurred on October 1st, but we have nonetheless tried to anticipate the happening of the transition by applying beforehand the future process of having a separate PTI budget.

So in effect, what we could have done is wait for the transition to happen and then say, "From this point on, we will then apply a new budget process. And next year, we will carve out the IANA services into PTI and we will carve out the process."

What we've done is we've anticipated the occurrence of the transition, and we jumped on the train right away and produced, before the end of September, a draft budget for the PTI Board.

By the way, the PTI Board had not even met by the time we submitted the budget to them. We submitted it on the 28th of

September. We've been very careful to match the deadline that has been set by the CWG in their proposal of nine months in advance. We've met that deadline, anticipating the implementation of the transition proposals.

This is also why there was no ability to actually engage with the community, as well as with the CSC, as well as with the RZERC, as well as with the RARs and so on in advance of that, simply because that would have put us back into Helsinki or before. So we were able to jump on the train but not make the train go back, if you see what I'm saying.

Now we will go forward and we will now fold into the overall ICANN process the process relative to the PTI. We haven't talked about it, but I know you will, so I'll anticipate it. The additional budget request process will continue to happen in the same fashion in advance also of the overall ICANN budget process so that the requests that are approved can be funded and implemented as soon as the fiscal year starts.

TIJANI BEN JEMAA: Thank you very much, Xavier. I have to recognize that you worked very well with the CCWG even before we were sure that the transition would happen. I remember that you prepared two scenarios. You worked very hard for it, and I have to thank you very much for that.

I hope that, for the next year, we will start earlier so that we will have the necessary consultation with the community, and then the public comment, and then the approval. It is necessary, I think, because we started this consultation I think a few years ago, when you came, and the result is very good. Now people are not as upset as they were before because they participated in the development of the budget. So thank you very much.

Is there any other questions? Sebastien, is it a new hand? Becky?

BECKY NASH: Tijani, we do have several more slides in this deck that we'd like to cover, if that's okay.

TIJANI BEN JEMAA: Yes, please.

BECKY NASH: Okay. The next section I'm going to actually ask Xavier to cover, which is our enterprise risk management.

XAVIER CALVEZ: Thank you. I will go very quickly on this. Within the ICANN organization, there is a function for enterprise risk management. It's a standard best practice to have a dedicated function for risk management. I supervise that function. It's a fiduciary duty for

the Board members and the officers of the organization to ensure that risks are managed in the organization.

What does "manage" mean? It means that we have processes to identify risks within the organization and we have processes to address those risks through mitigation. You can think about insurance, for example, being a mitigating action to address the risks that the insurance policies can help cover.

The Board has worked hard over the past year to do a thorough review of the risk management strategy at ICANN and has defined objectives for risk management at ICANN to be achieved over the next three years. That strategy relates to various aspects of policy, governance, assessment, monitoring, etc.

One aspect that the Board has also asked that we work on is how we can engage with the community relative to risk management and be able to share with the community what ICANN does relative to risk management, as well as, of course, receive input from the community on risk management in general, on the risks that the organization are exposed to, as well as, for the broader community, [know] what the risks are that the community sees that the organization should take into account. It is a topic that will be discussed tomorrow with the Risk Committee of the Board, who meets officially tomorrow.

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One of the ideas that is being conveyed during that process is to mirror the Budget Working Group that we now have had at several ICANN meetings and create a Risk Management Working Group that would be a group of interested people within the community who would participate in discussion and interactive engagement with myself and some members of the risk committee on the risk management strategy of ICANN.

That's it on risk management. We'll skip this section, if you don't mind, and go directly to the HR section, which will be presented by Pallavi Ridout present here – oh, sorry. In the meantime, there's a question from Olivier.

OLIVIER CREPIN-LEBLOND: Thank you very much, Xavier. Just a very short question. Is that also part of the Board risk strategy that the Board was working on a few years ago? There was the DSSA Working Group that did some work, and then there was a risk analysis which followed the ISO methodology – ISO 9000 I think it was. Is that a follow up?

XAVIER CALVEZ: It's a next phase to what you're describing because I think that this is probably two or three years old – five? Okay. Since then, ICANN has created the function of enterprise risk management

within the organization to organize the management of the risks for the ICANN corporation, which is, again, as I indicated earlier, duty for the officers and the directors.

The number of the activities that had been carried out in the past have been integrated into the scope of the Risk Committee of the Board and the scope, of course, of the function of risk management within the organization.

Follow-up question, Olivier?

OLIVIER CREPIN-LEBLOND: Yes, just a follow-up. Let me just reiterate one of the concerns that this community here had mentioned back five years ago. The original intent of risk management was to actually look at the risk not only to ICANN the organization but risks to the DNS is running several things. We expressed our concern when ISO 9000 was followed rather than using a more open methodology, such as the NIST methodology, that this would restrict everything to just the process that ICANN was doing internally. So you'd be looking at risks to ICANN the organization and drop to the side the risks to the DNS, which other parts of ICANN could have done if an open methodology had been used.

So I'm glad that you are now looking at having a similar interaction the community with the Board Risk Committee and

all this so we can perhaps start working together on this because today the risks are not really so much within ICANN as to the risks external to ICANN.

XAVIER CALVEZ: Thank you for that input. I think that will be a very valuable topic of discussion as part of this type of working group because we will need to make a clear distinction – possibly working on both aspects – between the risks that the organization needs to manage as per its fiduciary duty, which is really the risks of the organization, versus broader risks that ICANN either can be exposed to but can also participate in mitigating. That needs to obviously be within its mission – that's now a little bit narrower – and of course, in partnership with all the components that affect the DNS, which obviously ICANN is just one of.

Thank you for that comment. That's useful. Thank you. I think we have another question from Barrack.

TIJANI BEN JEMAA: Yes, we have another question from Barrack.

BARRACK OTIENO: Thank you, Tijani. Thank you, Xavier, for that interesting presentation from your team.

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I just have two questions regarding the basis of how you arrive at determining the risks, considering the changing nature of ICANN as an organization. I just want some background information.

I'm also curious to know, if we are investing the surpluses – I think the answer is most likely yes – are there any returns on the investment? Or are the surpluses just kept in some bank account somewhere?

Just that. Thanks.

XAVIER CALVEZ: Thank you. Relative to how we identify risks in the changing environment of ICANN, there have been two different processes carried out so far to identify risks. One, we have, in 2015, carried out a broad inventory of risks as viewed by various parties.

We asked the Board to list what risks they saw to the organization. We asked the community to provide also that input, and various organizations, including At-Large, have been provided input as to what risks they saw to ICANN as a whole and ICANN as an organization.

The various departments of ICANN have also been consulted for their area of responsibility, whether it's contractual compliance of policy development and so on and so on. Each department

has been asked to identify the risks that are specific to their area of responsibility.

All that input has been consolidated into a risk register that contains approximately 40 risks. The second process that's been put in place is that now we update this risk register on a quarterly basis. At the end of every quarter every year, we update this risk register and reevaluate/reassess the relevance of the risks, as well as add new risks if any have been identified during the period.

So that's what we do to try to have a broad scope as well as an evolving evaluation of the risks.

You mentioned surpluses in investments. On an ongoing basis, ICANN has two main repositories of cash. We have the reserve fund, which is set aside for rainy days, for issues, and some then that is not intended to be used. Effectively, it's a reserve. That reserve is invested with an investment manager, and it follows an investment policy that's fairly conservative to ensure that we don't lose that value but also that is designed so that, over time, it keeps value and keeps increasing value with returns.

You may know that the interest rates over the past two years have been very low. However, the cumulative returns on this policy have been 6.5% per year over the past five years, which is

a fairly good return, honestly, in the environment and for a conservative policy.

These returns are simply reinvested in the reserve fund. So the interest generated by the reserve fund is not taken out and expensed. It simply is reinvested into the reserve fund.

The cash on hand that ICANN has, which is in a bank account, to pay invoices on a daily basis does not generate returns directly, but we have an agreement with our bank that allows to have enough sets of fees. For every transaction, banks charge fees. On the basis of the amount of cash that we have sitting in that bank account, we have an agreement with our bank that lets us not be charged for fees. So this is another way for us to gain a return on that cash on hand.

Does it help?

TIJANI BEN JEMAA: Thank you, Xavier.

BARRACK OTIENO: Yes, Mr. Chair, one more question or suggestion to Xavier before he sits down. Isn't it prudent to consider a contingency fund looking at what we've gone through in the IANA transition so

that, before we dip out hands into the surplus, maybe we can consider touching the contingency fund?

XAVIER CALVEZ: Two comments on that. The reserve fund is really there for contingencies as well, if we define "contingencies" as unplanned, unexpected events. So the reserve fund is there for that, but by that definition, you actually don't want to touch it. It's only if there's an incident of very big significance.

There's another mechanism to cover for potential expenses that are unidentified or unplanned for. In the annual budget, we budget for expenses. About 95% of these expenses are identified for very specific purposes: for travel, for support, for personnel payroll, and so on.

But we also keep 5% or so, approximately, of the budget unidentified, unallocated, so that, if there is an event that creates a need for expenses, then we have that contingency set of expenses available to fund those activities that may not have been identified at the beginning of the planning year.

And it happens all the time. This is daily life. When we produce the budget in February or March that starts in July, reality has changed by then. So there will be differences. It's completely normal. It's completely standard. Therefore, we every year have

that contingency, which is about 5% – a bit less, more or less – of the total expenses that we keep unallocated so then we have the flexibility to allocate it to events as they come.

TIJANI BEN JEMAA: Thank you, Xavier. I don't know if you know it, but in December, the community's special request will be opened. I ask all our RALO leaders to prepare themselves, to prepare their projects, so that we will have the requests all ready when it is open.

I think our requests are maturing now because we have less refused requests. So I hope that, for the next year, we will have all our projects accepted.

Is there any other remarks or questions for Xavier and Becky?

I don't see anyone, so I have to thank very much Xavier and his team – yes, Xavier, please. Excuse me. Go ahead.

XAVIER CALVEZ: As part of the operations presentation, we have a few slides on HR and statistics and the resources.

TIJANI BEN JEMAA: Go ahead.

XAVIER CALVEZ:	Two minutes?

TIJANI BEN JEMAA:	Two minutes, maximum.

XAVIER CALVEZ:	Pallavi will be presenting this.

PALLAVI RIDOUT: Thank you for that. Hi. Good afternoon, everyone. It is officially afternoon, so we will make it very quick. I'll do just two slides. I think we have more than two slides here, but I think for this group we'll just focus on the high-interest ones.

If you could go to the next one. What we wanted to show you is that, today, ICANN staff – these are numbers of the ICANN organization's staff. We have 358 staff members today. What we wanted to highlight to you was the dispersement of staff across the globe.

As you can see – it's very hard to read that slide, isn't it? So I'm going to have to go closer. Xavier is going even close – there we go. Thank you, Xavier.

So we have 33 in EMEA, which is under Other EMEA. We have 17 people in Istanbul, 7 in Brussels, 21 in Singapore, 6 in other APAC regions, and 8 in Latin America. The remainder of the

population, which is 266, is dispersed between Los Angeles – 208 – and 28 in the Washington, D.C., office. We have one remote lone worker in Canada and also 29 remote folks in 19 of the United States. So that makes it a total of 358.

In terms of diversity, we wanted to highlight to you what that looks like at ICANN. If you can go to the next slide. I'll focus on the left side first – the two bar graphs – and then I'll come to the pie charts.

The bar graphs show our years of service. You'll see on an average, the majority of the folks fall into the three to four years of service. Then you'll see that we have, if you look at the very end of the graph, 5% of the folks who are in more than ten years of service. On the far left side, you have a small chunk with up to one year of service.

If you look at the bar graph which is right underneath the first one, it just talks about age. You'll see on an average, again, that we had 41 years last year. This year we have a similar number. If you look at the very end of the bar, we have about – that is so hard to read right there. Thank you. Yes, that one. That one, Xavier.

XAVIER CALVEZ: [inaudible]

PALLAVI RIDOUT: Thank you. So 6% is over 60. If you look at the pie charts on the right, you'll see it's a very pleasant pie chart, almost sliced in the middle, which is – and I can see some shaking some of heads here. We have males at 46% and females at 53%.

On the executive side, we have a slightly higher male ration – 76% compared to the female 23%.

I'm going to end my slides right here. Any questions on the diversity or the dispersement of numbers across the globe?

TIJANI BEN JEMAA: Thank you very much. We have one question that's very short from Olivier.

PALLAVI RIDOUT: Okay.

OLIVIER CREPIN-LEBLOND: Thank you, Tijani. Actually it's two questions, two things. Just one quick thing on your previous chart that you had just before that. It's a little bit deceitful in a way. I don't want to use the word "deceitful" – it's terrible – but it shows that the North American offices are on a different scale than this one because obviously there are 266 plus everything else. Otherwise it

doesn't make sense here. You need to add those 266 to the top. They don't just make up 266 on that.

So it would be more helpful to have them in the same color– like in red or yellow or whatever – another color so we could see the proportion compared to the whole lot.

TIJANI BEN JEMAA: Okay. Can we take the other question so that you answer both questions together? Seun, please?

PALLAVI RIDOUT: Sure.

SEUN OJEDEJI: Okay. Thank you. Based on this presentation, maybe guys should also be calling for gender diversity now. That's a joke.

UNIDENTIFIED FEMALE: Yeah. [inaudible]

SEUN OJEDEJI: Okay. My question. I think it may also be a good thing to have the statistics based on origin so we actually know which percentage of the staff are from Africa, from the LAC region – that kind of statistics, not just based on the office. Thank you.

PALLAVI RIDOUT: Okay. Thank you.

TIJANI BEN JEMAA: Go ahead, please.

PALLAVI RIDOUT: Do you want to answer the bar graph questions, Xavier?

XAVIER CALVEZ: Thank you. So we have done what you suggested, Olivier. The point of this slide was to help us see and show the other offices. If we put the 266 into the scale, then those bars became very much smaller and difficult to read. So the point was to show the other offices outside of the U.S. and the size of those. This is why we removed the U.S.B.s (the U.S.-based part of the staff) from the bars: so that they are more visible. Because the six or the eight at the top would be so small that you can't see it.

OLIVIER CREPIN-LEBLOND: Thank you. The point I was trying to make is that more than half of ICANN's staff are still based in the U.S.

XAVIER CALVEZ: Absolutely. Which is as low as it's ever been.

TIJANI BEN JEMAA: Okay. The answer of Seun's question? Did you answer it?

XAVIER CALVEZ: I didn't hear it.

PALLAVI RIDOUT: For the second one, I just wanted to say: point noted. In the next presentation, we'll bring you more of that breakdown. Thank you.

TIJANI BEN JEMAA: Okay. Thank you very much. Sebastien, you have the floor, but very, very short, please. I know Alan will kill me. Please, Sebastien.

SEBASTIEN BACHOLLET: There's going to be two of us who are going to die then. I'm going down with you.

I'll be brief. I'll thank you for these statistics. I think it would be very interesting for you to present them to the joint working group on Work Stream 2 for the transition of the IANA stewardship that deals with diversity because I think this working group that belongs to that Work Stream 2 [aims at

having] this information. They wish to have all this information regarding participants and regarding the staff. They want to have this information that was carried out with the leaders and with the rest of the community.

So I think it would be useful for them to have access to this information. Thank you.

TIJANI BEN JEMAA: Thank you. Olivier [inaudible], but I will give the floor to Mona for a very, very short intervention. Then Xavier will answer both and we will finish.

MONA AL ACHKAR: This is not an intervention. It's a question. Thank you, Tijani. I would like to know whether it would be possible with these graphs that you've already prepared to see the number of staff in each country within each region. It would be interesting and important to see whether it's a single country within a region that has all of the staff or if there are several countries in the region that have staff.

TIJANI BEN JEMAA: Thank you. Xavier, go ahead.

XAVIER CALVEZ: I'll do it in French because the questions were asked in French. Regarding Sebastien's question, it was whether we could give him the statistics on diversity, whether this could be presented to the working group that deals with diversity within the framework of WS 2. Of course, we're going to present this information to them. We have other statistics which could probably be of interest for that group as well.

Now, regarding the geographic distribution within each region, for each category we have a bit more detailed information, I'll say. For instance, on the people who are in the regions, we can see whether a person works at an office. For instance, in the case of Istanbul, we have an office, but that also includes EMEA (Europe, Middle East, and Africa).

Of course, we've also got the distribution of this number and how it breaks down in countries. So we're there as an office either because we have staff in 35 countries in the world.

TIJANI BEN JEMAA: Thank you very much, Xavier. I have to thank you for this presentation and for your interaction.

Now I give the floor to Alan Greenberg to give us an update about specific reviews. Alan, go ahead, please. I apologize for the delay.

ALAN GREENBERG: Thank you. First, a quick poll. How many people in this room are planning to stay for the lunch session on the At-Large review? Or how many people are not planning to stay?

Alright. The first session in the afternoon was a recap of the lunch session. Since everyone's going to be here, we're cancelling that. We'll use that time to make up for it.

HOLLY RAICHE: Alan, [just a moment].

ALAN GREENBERG: Holly, do you disagree?

HOLLY RAICHE: I don't disagree. It's just that there may be some people who come for the second session who expected something. But, fine.

ALAN GREEBERG: You can decide how long it is, but I don't think we want to take 15 minutes away from the lunch session. And that's the only alternative we're going to have. So it's your choice. You're running that game.

Alright. On the issue of reviews, these are what were called the Affirmation of Commitment (AoC) reviews prior to the enactment of the new bylaws. They are now called by the very vague term "specific reviews" under the bylaws.

Three of them are in the process of being kicked off at this p0int. One of them, of course, is proceeding right now: the CCT review (Competition, Consumer Trust, and Consumer Choice review). The other three – the ATRT (Accountability and Transparency Review Team); the one that was called WHOIS review, now called RDS (Registration Data Systems); and the third, the SSR Review (Security, Stability, and Resiliency Review) – are about to be started.

They're all in somewhat different situations. The SSR review's call for expressions of interest went out several months, and it was extended. Because of the extension of the call, the selection of the people is now operating not under the original rules, where it would have been, I believe, the Chair of the GAC and the CEO who selected them, but the Chairs of the ACs and SOs.

The other major change is that the original process called for experts to be named by the selectors, and people applied as experts – about 40 of them. The current rules never mentioned experts, although it did mention we could hire experts if necessary.

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So we're now in the situation where it's not clear what we do with the 40 people or so who applied as experts. There have been a number of hypotheses of what we could do. The selectors, even though it's not specified in the rules, could select some anyway. We could tell all of the ACs and SOs, "Look over these people. If you like any of them, select them on your behalf, even though they didn't ask for your endorsement." There's some other combinations that can be done as well.

There will be a discussion later on this week on that. If anyone here has very strong feelings as to which way we should proceed, please talk to me. We don't have the time to have a full discussion here. There's already been a bit of a discussion on e-mail, and all of those comments are noted.

On the RDS review, the WHOIS review, this one, under the current bylaws, must kick off five years after the last one. The last one started just about five years and a month or two ago.

The current bylaws for the specific reviews that were enacted provide no flexibility whatsoever as to whether there should be a delay or consideration. Therefore, we are in violation of the bylaws if we do not have a review starting almost immediately.

The purpose of the review in general is to look at the particular issue and make recommendations. Given that there is a GNSO PDP on registration data systems and a number of other parallel

activities and that the people who would participate in a review are likely the same people who are currently working on those other activities, that was seen as a significant problem.

The suggestion has been made – as I noted in my e-mail, I was the one who made it – that, since we have to have a review – and part of the review is indeed important; that is, to look at the last review recommendations and judge whether ICANN has implemented what they were supposed to, what they committed to do, and how well that was implemented and whether anything else needs to be done at this point to further complete the recommendations.

There is a proposal that is out now for comments as to whether the Chairs of the ACs and SOs, and therefore the ACs and SOs themselves, agree on limiting the RDS review in this way. That would significantly limit who is eligible to apply for working on the review because we would only be looking for people who have in-depth knowledge of the previous review and how it has been implemented.

It is envisioned that this would be complete in no more than six months, and, if we do it properly, I would say two to three months. So it's a very fast path which will address the needs in the bylaws but not a lot more.

So I am interested in whether this is viable way forward. I'll take any comments right now if anyone has any thoughts on that. There was a document distributed. Sebastien noted that there was an error in that document. There was an extraneous word – "not" – in one of the paragraphs. I can't see it from here, so I don't know exactly which one.

Ah, yes. It's the second to last bullet. You should remove the word "not" in the second line. What that sentence says is that one part of the review team's responsibility is to evaluate the self-assessment – the one done by ICANN staff – and if indeed there is anything missing or inaccurate, they have to fix it.

Now, from my point of view, this is about the minimum we can do which has to be done to satisfy what was the AoC requirements and avoid duplicating work that is going on somewhere else in the organization.

As I said, I was the person who suggested it. I did co-author that document, and I obviously do support it. But I certainly would like to hear if there's anyone who disagrees.

Andre?

[ANDRE KALASHNIKOV]: A short question. The first WHOIS review recommendation counts back five years ago or four years because it was the first WHOIS review. Is it this one?

Okay.

HOLLY RAICHE: I'm going to interrupt and say that this WHOIS has been on the table for so bloody long. When you're saying "the final review," it was something that was done in, I think, 2012. I think it was. And it's called the final review. Right?

ALAN GREENBERG: It didn't quite catch that.

HOLLY RAICHE: I said 2012 was supposed to be the final review, and we laughed.

ALAN GREENBERG: No, there was no statement [that] it was final at that point. It's the final of that group. But there was always supposed to be a follow-on one.

Anyone else?

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TIJANI BEN JEMAA: Can you please say your name before you speak? Because the translators will not recognize you.

ALAN GREENBERG: Or perhaps wait to be asked. Anyone else have any comments on that review? Otherwise, I'll take it that this group generally agrees with the tone.

Seun? Sebastien? Sorry.

SEBASTIEN BACHOLLET: Thank you. I agree with the tone. My only caveat here will be – I already told you about it in a few words – in the objective and who could be on this list of people. Just to be sure that we don't miss anybody, there are three people who are involved in the WHOIS review, number one. Could we add somewhere? At the end, I suppose that you do the job as a participant of the ATRT 2, and you can be the good one to do this job. We need to list all the At-Large people who were involved in this previous work before. Thank you.

ALAN GREENBERG: Thank you, Sebastien. I said that I might well be a candidate. Just for clarity, I was putting all the cards on the table. This was not an advertisement to hire me or to select me. This would be a

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review team where, like other review teams, we could select up to three people who will get accepted – and potentially more if other groups don't. So the rules of selection are the same as they would be in any other group.

I was not trying to say, "Please select me." That'll be a process that comes much later. I just wanted to make sure that there was no one who perceived that I was pushing something just so I could secretly afterwards plot to get it. I'm not really looking for a lot of extra work at this point.

TIJANI BEN JEMAA: Okay. Thank you, Alan. Seun, you asked for the floor?

SEUN OJEDEJI: Yeah.

TIJANI BEN JEMAA: Sebastien? You have a follow-up question, Sebastien?

SEBASTIEN BACHOLLET: Yeah. I was not either to push that you are the only one, except that my impression was that we were looking for a smaller group than usual. Because it's short-time work, it's maybe also good to have a smaller team. Then maybe we don't need to have three people on that team.

Taking into account the requirements, there are not so much people around the table to do this job. Thank you.

TIJANI BEN JEMAA: Thank you.

ALAN GREENBERG: To be clear, we can't change the bylaw rules, which say, "If an AC/SO selects three people who meet the qualifications, they have to be included." That doesn't require us to select three, however. So, yes.

TIJANI BEN JEMAA: Last question, and very quick, please. Seun, please?

SEUN OJEDEJI: Personally, I was initially considering joining this group, but since then it's obvious that someone like me is not qualified.

I want to ask a question. Is there an option to actually sign on as an observer or something? Would that be provided? Thank you.

ALAN GREENBERG: AoC class reviews in the past have not had any observers. The meetings are open, so you could attend a meeting. You could listen to it because I think there's remote participation in most

cases. I'm not in a position to guarantee that. But that doesn't give someone speaking rights necessarily. Certainly, that has been the case in the past.

TIJANI BEN JEMAA: Thank you very much. We have to stop this session – oh, you have? Okay. Alan has another thing to say. Go ahead, please.

ALAN GREENBERG: Sorry. Just to give you a status update for those who aren't following CCWG things, the accountability and transparency review, which is – depending on whether we use the old rules or the new rules. If we use the old rules, it should have been run last year or starting in this present year. If we use the new rules, it doesn't have to start until 2018.

There is significant overlap in the scope of the ATRT review and the Accountability CCWG. There's discussion going on right now in the CCWG of, "Should we defer the review altogether for another year? Should we start the review but with some exclusions of not covering things that are on the ATRT?" similar to what we're talking about with RDS. That's an ongoing discussion, and it'll come back to this group at some point.

Thank you. That's all I had for that.

TIJANI BEN JEMAA: Thank you very much, Alan. Gisella has a housekeeping announcement. Gisella, please go ahead.

GISELLA GRUBER: Thank you. The next session here is the At-Large Review Working Party, which will run from 12:15 – we are running late – to 13:45. However, lunch is open in this room to all ALAC members and regional leaders. So please feel free to stay.

However, if we could ask all At-Large Review Working Party members to be seated at the table, that would be much appreciated.

For anyone who's not ALAC or regional leaders, there is the complimentary sponsored lunch, which today is, as you exit Hall 1, turn right and it's past the glass doors. It's actually outside, which will be quite pleasant.

The next At-Large leadership working session will resume at 13:45 in this same room. If we could please ask everyone to be on time if you are leaving so that we can get back on schedule. Thank you very much.

TIJANI BEN JEMAA: Thank you, Gisella. This session is adjourned now.

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GISELLA GRUBER: While we've adjourned this session, if everyone could just grab lunch for the working party members. Grab lunch and come back to the table so that we can start the session as soon as possible to not lose any more time.

A reminder that we have interpretation. If you don't say your name, the interpreters don't know who you are necessarily. They can't see your nametags, and we are then wasting money on transcripts, where it says MAN, WOMAN, MAN, WOMAN. I really don't see the point.

So please – and I know it's painful – just say, "Gisella speaking," or, "Alan speaking," or, "Olivier speaking."

[END OF TRANSCRIPTION]

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