



9 October 2017

Mr. John Poole

Dear Mr. John Poole,

Thank you for following up on the questions you had raised in relation to the disclosure of compensation information in ICANN's form 990. ICANN previously answered your questions relative to the compensation disclosure of the ICANN Chairman. This answer can be found here: <https://www.icann.org/en/system/files/correspondence/calvez-to-poole-13jul17-en.pdf>. Please see below for answers to the follow up communication you sent on 18 July 2017.

As I am sure you are aware, ICANN strives to ensure proper and timely compliance with any regulatory requirement, including but not limited to completing the form 990 as required by the United States Internal Revenue Service (IRS). Given that ICANN's form 990s are publicly posted, in addition to satisfying our IRS filing requirements, they also provide an additional level of transparency and accountability for ICANN organization.

Notwithstanding, the primary purpose of the form 990 is to inform the IRS in a format dictated by the IRS. As illustrated below, ICANN organization is fully compliant with the IRS requirements, even though the data reported in the form 990 may not seem complete to some reading the form 990. However, much of the information you seek is publicly posted elsewhere in the "annual report of expense reimbursement and other payments to ICANN directors." For the most recent posting of this report for FY16 see <https://www.icann.org/en/system/files/files/fy16-annual-report-expense-reimbursement-payments-directors-28oct16-en.pdf> (referred to as "the Director Expense Report" below).

Request #1 from John Poole:

"I also ask whether any ICANN officer or director is or has been doing business with ICANN via their personal "corporation" or other entity, device, or scheme, for the period of the Form 990 (FY16) and for the period from 2008 to present similar to Mr. Crocker, or otherwise, and again the explanations and rationales for "hiding" and not disclosing that information to the IRS and the global multistakeholder community, in accordance with your obligations under the Internal Revenue Code, laws of the United States of America and State of California, and ICANN bylaws and articles of incorporation."

ICANN's response to Request #1:

There are other ICANN Board members who receive their compensation for their service as a Board member through an entity. Note that Board members who receive compensation for their service during the relevant calendar year for a given form 990 through a domestic company with limited liability, are not reported, as they should not be, in Part VII of the form 990.

The Director Expense Report mentioned above, however, provides the compensation payments issued to or on behalf of Board members irrespective of whether payments are made to individuals or their entities. Accordingly, some of the information you seek is already, publicly available even though properly not reported in the form 990. And, in light of your questions, we will look to add some additional notes to this document, both current and each year thereafter, to clarify whether payments for Board service are made to the Board members individually or to their entities.

Request #2 from John Poole:

[...]

Perhaps you are confused or did not understand the above paragraph in my May 28th email. To further clarify by way of example, when I review ICANN's FY16 Form 990[icann.org] "Part VII, Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees," ICANN listed a total of 39 individuals including Chairman Steve Crocker at -0- (which you have addressed in your response of July 13), Bo Goran Marby (ICANN President and CEO) at -0-, two other directors at -0-, and completely missing from ICANN's list of 39 "Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees," is Sally Costerton, Sr. Advisor To President & Senior Vice President, Global Stakeholder Engagement, who is also an "Executive Team Member" according to ICANN's organization management chart[icann.org] (pdf) and has been employed as a "Vice President" of ICANN since 2012 according to her profile at [https://icannwiki.org/Sally\\_Costerton](https://icannwiki.org/Sally_Costerton)[icannwiki.org].

There may be other omissions as the above is merely explanatory. Note that the Instructions for IRS Form 990, Part VII, Section A, require "Current officers, directors, and trustees (no minimum compensation threshold)." ICANN appears to be not compliant. I await your full and complete response to my email of May 28, 2017. If you have any questions, or need further clarification, feel free to contact me."

ICANN's response to request #2:

Contrary to your suggestion above, the section you reference "Part VII, Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees" as reported by ICANN in the 2015 form 990, fully complies with the IRS requirements.

For example, Sally Costerton is contracted via her company Sally Costerton Advisory Limited. Accordingly, under IRS instructions for the form 990, the compensation paid to Ms. Costerton's company for her services is appropriately not included in the Part VII.

Further, per the IRS form 990 instructions, Directors in place as of end of the fiscal year (here 30 June 2016) need to be reported in Part VII, even if they are showed as having received zero compensation, which is for the calendar year and not the fiscal year. Accordingly, if Board members chose not to receive compensation at all, or compensation was not paid during the calendar year (here 2015), Board members will be listed in Part VII with zero compensation.

Again, the Director Expense Report mentioned above shows which Board members received compensation either as an individual or through an entity for a given time period. Similarly, in light of your questions, we will review the document identified above with an eye toward ensuring further clarity on this topic if possible.

Thank you and we hope this provides more clarity on this topic and, as a result, also allows ICANN to further improve its transparency.

Sincerely,



Xavier Calvez  
Chief Financial Officer  
ICANN