

**World Flying Disc Federation
Conflict of Interest Policy
And
Annual Statement
For Directors and Officers and
Members of a Committee with Board Delegated Powers**

Article I -- Purpose

The purpose of this conflict of interest policy is to protect WFDF's interests when it is considering entering into a transaction or arrangement that might benefit the private interest of an officer or director of WFDF or member of a committee with board delegated powers or might result in a possible excess benefit transaction. This policy is intended to supplement, but not replace, any applicable state and federal laws governing conflicts of interest applicable to nonprofit and charitable organizations.

Article II -- Definitions

1. Interested Person

Any director, principal officer, member of staff or member of a committee with actual decision-making power within them or with governing board delegated powers, who has a direct or indirect financial interest, as defined below, is an interested person.

2. Financial Interest

An Interested Person has a financial interest if the Interested Person has, directly or indirectly, through business, investment, or family:

- a. an ownership or investment interest in any entity with which WFDF has a transaction or arrangement;
- b. a compensation arrangement with WFDF or with any entity or individual with which WFDF has a transaction or arrangement; or
- c. a potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which WFDF is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

A financial interest is not necessarily a conflict of interest. An Interested Person who has a financial interest may have a conflict of interest only if the Ethics Commission decides that a conflict of interest exists, in accordance with this policy.

3. Independent Director

A director shall be considered "independent" for the purposes of this policy if he or she:

- a. is not, and has not been for a period of at least three years, an employee of WFDF or any entity in which WFDF has a financial interest;
- b. does not directly or indirectly have a significant business relationship with WFDF, which might affect independence in decision-making;

- c. is not employed as an executive of another corporation where any of WFDF's executive officers or employees serve on that corporation's compensation committee; and
- d. does not have an immediate family member who is an executive officer or employee of WFDF or who holds a position that has a significant financial relationship with WFDF.

4. Conflict of Interest – Definition

In the context of the provisions of these Rules, a distinction is made between the situation of a "potential conflict of interests" and the case of a "conflict of interests". Only conflicts of interests are prohibited.

A situation of a potential conflict of interests arises when the opinion or decision of an Interested Person, acting alone or within an organisation, in the framework of the activities of the physical or legal persons defined in article 1 above, may be reasonably considered as liable to be influenced by relations that the aforementioned Interested Person has, has had or is on the point of having with another person or organisation that would be affected by the Interested Person's opinion or decision.

A case of conflict of interests is constituted when any Interested Person who, having failed to declare a situation of a potential conflict of interests, expresses an opinion or takes a decision in the circumstances described in the immediately preceding paragraph.

Article III -- Procedures

1. Duty to Disclose

In connection with any actual or possible conflict of interest, an Interested Person must disclose the existence of the financial interest and be given the opportunity to disclose all material facts to the WFDF Ethics Commission

2. Recusal of Self

Any Interested Person may recuse himself or herself at any time from involvement in any decision or discussion in which the Interested Person believes he or she has or may have a conflict of interest, without going through the process for determining whether a conflict of interest exists.

It is the personal responsibility of each Interested Person to avoid any case of conflict of interests. Faced with a situation of a potential conflict of interests, the Interested Person concerned must refrain from expressing an opinion, from making or participating in making a decision or accepting any form of benefit whatsoever. However, if the Interested Person wishes to continue to act or if the Interested Person is uncertain as to the steps to take, the Interested Person must inform the WFDF Ethics Commission of the situation; the WFDF Ethics Commission then takes the steps outlined in this policy. The information provided will be kept confidential.

3. Determining Whether a Conflict of Interest Exists

The WFDF Ethics Commission is responsible for advising Interested Persons, at their request, in a situation of a potential conflict of interests and to decide whether an Interested Person is subject to a conflict of interest.

If the Commission determines that the Interested Person is subject to a conflict of interest, it will then propose to the Interested Person concerned a solution from the following options:

- a. registering the declaration without any particular measure;
- b. removal of the Interested Person involved from part or all of the action or from the decision of the decision-making body at the root of the conflict; or
- c. relinquishment of the management of the external interest causing the conflict.

Complementary measures may also be proposed.

It is the duty of the Ethics Committee to review the case, to report and to make recommendations to the Board of Directors.

Any Board members subject to Ethic Committee review would be recused from any discussion or vote in such case.

4. Procedures for Addressing the Potential Conflict of Interest

An Interested Person with a potential conflict of interest may make a presentation at the Board or Executive Committee or Committee meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.

The Chairperson of the Board or Executive Committee or Committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.

After exercising due diligence, the Board or Executive Committee or Committee shall determine whether WFDF can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.

If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the Board or Executive Committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in WFDF's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination, it shall make its decision as to whether to enter into the transaction or arrangement.

5. Violations of the Conflicts of Interest Policy

If the Board or Executive Committee or Committee has reasonable cause to believe a member has failed to disclose a possible conflict of interests, it shall inform the Interested Person and the WFDF Ethics Commission of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose to the WFDF Ethics Commission.

If, after hearing the member's response and after making further investigation as warranted by the circumstances, the WFDF Ethics Commission determines the Interested Person has failed to disclose a possible conflict of interest, it shall propose appropriate disciplinary and corrective action to the Board of Directors based on the procedures of the WFDF Conduct Policy.

Any final decision on sanctions or actions will be taken by the WFDF Board of Directors based on the procedures of the WFDF Conduct Policy.

Article IV – Records of Proceedings

The minutes of the Board, Executive Committee, and all Committees with board delegated powers shall contain:

- a. the names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the Board's or Executive Committee's or Committee's decision as to whether a conflict of interest in fact existed; and
- b. the names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

Article V – Compensation

A voting member of the Board who receives compensation, directly or indirectly, from WFDF for services is precluded from voting on matters pertaining to that member's compensation.

A voting member of any Committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from WFDF for services is precluded from voting on matters pertaining to that member's compensation.

No voting member of the Board or any Committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from WFDF, either individually or collectively, is prohibited from providing information to any Committee regarding compensation.

Article VI – Annual Statements

Each director, principal officer and member of a committee with Board delegated powers shall annually sign a statement which affirms such person:

- a. Has received a copy of the conflict of interest policy,
- b. Has read and understands the policy,
- c. Has agreed to comply with the policy, and
- d. Understands WFDF is charitable and in order to maintain its US federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

Each voting member of the Board shall annually sign a statement which declares whether such person is an independent director or to what extent is not an independent member

If at any time during the year, the information in the annual statement changes materially, the director shall disclose such changes and revise the annual disclosure form.

The WFDF Ethics Commission shall regularly and consistently monitor and enforce compliance with this policy by reviewing annual statements and taking such other actions as are necessary for effective oversight. The WFDF Ethics Commission shall submit a report to the board annually regarding their activities.

Article VII – Periodic Reviews

To ensure WFDF operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews by the WFDF Ethics Commission shall be conducted and reported to the Board. The periodic reviews shall, at a minimum, include the following subjects:

- a. whether compensation arrangements and benefits are reasonable, based on competent survey information (if reasonably available), and the result of arm's length bargaining; and
- b. whether partnerships, joint ventures, and arrangements with management organizations, if any, conform to WFDF's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in inurement or impermissible private benefit or in an excess benefit transaction.

Article VIII – Use of Outside Experts

When conducting the periodic reviews as provided for in Article VII, WFDF may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the Board of its responsibility for ensuring periodic reviews are conducted.

Adopted by WFDF Board of Directors on 24 February 2013.

**World Flying Disc Federation
Director and Officer
Annual Conflict of Interest Statement**

Name: _____ **Date:** _____

Position(s): _____

Are you a voting Director? Yes No

Are you an Officer? Yes No **If yes, which Officer position do you hold:** _____

I affirm the following:

I have received a copy of the WFDF Conflict of Interest Policy. _____ (initial)

I have read and understand the policy. _____ (initial)

I agree to comply with the policy. _____ (initial)

I understand that WFDF is charitable and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of tax-exempt purposes. _____ (initial)

Disclosures:

a. Do you have a financial interest (current or potential), including a compensation arrangement, as defined in the Conflict of Interest policy with WFDF? Yes No

i. If yes, please describe it: _____

ii. If yes, has the financial interest been disclosed, as provided in the Conflict of Interest policy? Yes No

b. In the past, have you had a financial interest, including a compensation arrangement, as defined in the Conflict of Interest policy with WFDF? Yes No

i. If yes, please describe it, including when (approximately): _____

ii. If yes, has the financial interest been disclosed, per the Conflict of Interest policy? Yes No

c. Are you an independent director, as defined in the Conflict of Interest policy? Yes No

a. If you are not independent, why? _____

Signature

Date

Date of Review by Ethics Commission: _____