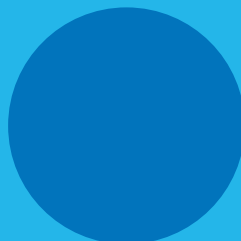


# CODE OF GOOD GOVERNANCE IN FLEMISH SPORTS FEDERATIONS



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# CODE OF GOOD GOVERNANCE IN FLEMISH SPORTS FEDERATIONS



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## WHAT IT'S ALL ABOUT

**Sweat. That's what it's about. And pulse, focus, character. It's about team spirit, as well as lonely struggle, it's about the hunger to win, about disappointment and about sheer enjoyment. It's about the athlete.**

An athlete nearing the finishing line, dribbling the ball or hovering across the bar, does not want to be bothered with structures and processes, funding, meetings, calendars, organisational issues... And yet: without any of these enabling conditions, he or she would probably not even get round to their sport of choice.

Which is why I am particularly grateful to the many thousands of people who camp out in boardrooms and conference rooms with a very warm heart for sports. Often selflessly and on a voluntary basis.

The kind of expectations these sporting administrations are required to comply with today are not to be sniggered at. Athletes expect a professional approach from their club and federation boards. Authorities and the other organisations with which club and federation managers, directors and staff come into contact demand transparency. And within the sports organisation as such, there is a need for efficient management.

In a nutshell: there is need for 'good governance'.

In the world of trade and industry, this principle became common practice a long time ago. But what does it mean to sports federations and sports clubs? And above all... how do you go about implementing good governance?

The present code builds on 3 major dimensions: transparency, democracy and internal accountability and control. The code is the upshot of a comprehensive study – for which I would like to take this opportunity to give my thanks to Doctor Arnout Geeraert and Professor Edith Drieskens in particular – based on existing good practices, interviews with experts and on input from the International Centre for Ethics in Sport (ICES). But more than anything else, based on a survey of the Flemish world of sports. As such, the ideal of 'good governance' came about in dialogue with the Flemish sports federations. The code is consequently not an ivory tower dictate but above all a practical guideline with principles, criteria and tips that will enable us to accomplish this ideal.

For all that, 'good governance' is a lot more than just a set of rules. It is a mindset, a mentality. It is the undying will to constantly improve and the unrelenting drive to do better. A winning athlete's mentality really.

Because that's what it's all about. The athletes.

**Philippe Muyters**

**Flemish Minister for Work, Economics, Innovation and Sports**

# INTRODUCTION

Written in 2016, when my university KU Leuven celebrated the 500th anniversary of Thomas More's 'Utopia', this code outlines an ideal – the ideal of good governance in the Flemish sports federations. Flanders' recent focus on good governance is not informed by specific crises or conflicts, but by a profound conviction that good governance benefits the Flemish sports federations. It will enable them to better respond to the challenges the (Flemish) sport scene faces today, like decreasing sport club membership or stakeholders that are becoming increasingly demanding.

This code was developed to guide the implementation of good governance in Flemish sports federations. To ensure a clear focus and cohesive structure, it starts from a specific definition of good governance. This was a challenge in its own right. Good governance may be a concept that is ubiquitous in science and policy, both within and outside the world of sport, but concept and term differentiation are a reality. We define good governance as administrative patterns that are characterised by transparency, democracy, internal accountability and control, and solidarity. The present code gives this definition a context-specific interpretation. As with most good governance codes, the present code is mainly internally oriented, aimed at laying down internal rules and procedures. Good governance as defined in the present code sets out basic structures that are meant to set in motion positive dynamics by ensuring that key actors in the federations – i.e. the General Assembly, the Board and management – scrutinise, galvanise and inspire one another. To this aim, the code presents 43 general principles that are specified by way of 131 specific criteria. These principles and criteria are supplemented with 25 tips to help the federations with implementation. As of 2017, federations that implement good governance will be financially rewarded by way of indicators that are developed in accordance with the code.





The implementation of the principles proposed will result in enhanced (formal) structures and rules. Yet accomplishing good governance requires more than that: it requires a change of culture. For this reason, we do not consider this code as an end in itself or a final stage, but as the start of a long-term process on the road to good governance. This process requires an open and constructive interaction among the federations as well as between the federations and the government. Only in that case, good governance will prove a feasible and necessary step towards stronger Flemish sports federations rather than a utopian dream.

As the author of this code, also on behalf of Prof. Dr. Edith Drieskens, I would like to extend my warmest thanks to a number of people for their valued assistance and constructive input in the creation of the report that served as the basis for the present code: the external members of the steering committee (Prof. Dr. An Vermeersch, Astrid Vervaeet and Gert Royen), the members of the group of experts (Prof. Dr. Geert Bouckaert, Huibert Brands, James Ceely, Emiel Krijt, Prof. Dr. Steven Van de Walle and Dr. Frank van Eekeren), Mr. Jan Loorbach, Prof. Dr. Ben Van Rompuy, the directors and staff of the Flemish sports federations and the VSF, the staff of ICES, Ingrid De Wachter, Maaïke Vandenhoute, Andreas Boogaerts and Erik Heggen.

**Dr. Arnout Geeraert**

KU Leuven, Leuven International and European Studies



# DIMENSION 1

## TRANSPARENCY

Transparency relates to the degree of openness when transmitting information. Transparent operations offer stakeholders the opportunity to monitor the organisation's internal operations.

PRINCIPLE 1

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**THE ORGANISATION PUBLISHES ITS ARTICLES OF ASSOCIATION, INTERNAL REGULATIONS, ORGANISATION CHART, SPORTS RULES AND MULTI-ANNUAL POLICY PLAN.**

- The organisation publishes its articles of association, domestic regulations, organisation chart, sports rules and multi-annual policy plan on its website. These documents are easy to find and accessible to everyone.

TIP 1

The articles of association and internal regulations must be worded clearly, unambiguously and concisely. Matters that may be expected to be frequently adapted and updated are best set out in the internal regulations.

PRINCIPLE 2

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**THE ORGANISATION PUBLISHES THE AGENDA AND MINUTES OF ITS GENERAL ASSEMBLY MEETING.**

- The minutes must give an accurate summary of the deliberations and ballots at the general assembly meeting.
- The minutes shall be sent as soon as possible to the members and internal stakeholders.
- The minutes and ballot results are published on the organisation's website.
- The general assembly approves the minutes.
- The agenda is published on the organisation's website in sufficient time before the general assembly convenes. It contains the various agenda items with a word of explanation, the list of topics to be discussed and specifies which items shall be put to the vote.

### PRINCIPLE 3

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#### THE ORGANISATION REPORTS ON THE DECISIONS OF ITS BOARD.

- The organisation publishes a public version of the minutes of the meeting of its board on its website. Sometimes full transparency is not advisable for reasons of privacy or discretion.
- These documents are easy to find and accessible to everyone.
- Minutes provide a summary of the deliberations within the board and list the decisions.
- Minutes must be approved by the board.
- Minutes must be distributed in a timely manner: usually within a week after the meeting.

#### TIP 2

It is important that the organisation communicates on the main agenda items that were discussed and on the motivations that underpin important resolutions. Often merely publishing the minutes is not sufficient to inform members and other stakeholders appropriately and engage with them. The board may develop a communication strategy aimed at informing stakeholders appropriately, e.g., through newsletters, social media and/or the website.

### PRINCIPLE 4

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#### THE ORGANISATION PUBLISHES INFORMATION ABOUT ITS BOARD MEMBERS.

- Every year, the board provides the general assembly with an annual overview of the other positions/mandates held by the individual board members and other relevant biographical information.
- The organisation's website lists the current composition of the board and specifies which members qualify as external members (see below). This information is also included in the annual report.
- The organisation's website also lists the start and end date of the mandate of each member of the board. This information is also included in the annual report. Where applicable, the website also states the duration and the number of previous mandates.
- The organisation's website provides biographical information about individual board members, as well as relevant other positions held by them.

**PRINCIPLE 5**

**THE ORGANISATION PUBLISHES THE CONTACT DETAILS OF THE BOARD.**

- The website lists at least one general e-mail address, which may be used to contact the board.

**TIP 3**

We do not recommend publishing the addresses of the individual board members because management and personnel should be the first designated point of contact for the members.

**PRINCIPLE 6**

**THE ORGANISATION PUBLISHES INFORMATION ABOUT ITS MEMBERS ON ITS WEBSITE.**

- The organisation's website lists basic information about the affiliated clubs and athletes.
- This may include the number of affiliated clubs and/or athletes and, in the case of clubs, their website, address and the competitive and/or recreational sports they offer.





## PRINCIPLE 7

### THE ORGANISATION PUBLISHES AN ANNUAL REPORT, INCLUDING FINANCIAL STATEMENTS AND REPORTS OF INTERNAL COMMITTEES.

- The organisation provides its members and internal stakeholders with a detailed annual report, including financial statements and committee reports.
- The annual report is also published on the organisation's website.
- The board establishes careful internal procedures that ensure timely and accurate reporting within the framework of the annual report and ensures compliance with these procedures.
- The annual report
  - » sets out the organisation's mission and vision, its strategic objectives, and the way in which the organisation accomplished these over the past year;
  - » gives a true and fair account of the financial position and results;
  - » contains a report on the activities of the internal committees;
  - » reports on the championships and events (co-) organised by the organisation;
  - » lists the current composition of the board and specifies which board members qualify as external board members (see below);
  - » gives an overview of the relevant other mandates of the members of the board;
  - » reports anonymously on the declarations of conflicts of interest and the resolutions adopted in which conflicts of interest were involved;
  - » reports on the risks and imponderables faced by the organisation and on the ways it endeavours to control these risks;
  - » contains the board members profiles as established by the organisation;
  - » contains a remuneration report (see below);
  - » reports on how the organisation deals with the present code (see below).



**PRINCIPLE 8**

**THE ORGANISATION PUBLISHES REGULATIONS AND REPORTS ABOUT THE COMPENSATION AND BONUSES OF ITS BOARD.**

- The remuneration report, which forms part of the annual report, reports on the organisation's remuneration policy. The remuneration policy comprises the procedure and rules governing the establishment of the remuneration of the members of the board.
- The remuneration report reports on major changes to the remuneration policy that were implemented since the last report.
- The remuneration report reports on the remuneration of the members of the board, including any fringe benefits, in an anonymous or aggregated manner.

**TIP 4**

The term remuneration refers to the entirety of the fees that the board members receive in exchange for services rendered. A healthy principle is that nobody is allowed to make decisions about their own remuneration.

**PRINCIPLE 9**

**IN ITS ANNUAL REPORT, THE ORGANISATION REPORTS ON THE IMPLEMENTATION OF THE PRESENT CODE TAKING INTO ACCOUNT ANY CHANGES IN TERMS OF GOOD GOVERNANCE.**

- The organisation reports on how it deals with the present code in its annual report.
- The organisation explains the cases in which it chose to deviate from the code, substantiating why, according to the "comply or explain" principle.
- The organisation specifies which governance changes were made in the past twelve months and which changes are still in the pipeline.







# DEMOCRACY AND SOCIAL RESPONSIBILITY

Democracy refers to domestic regulations and standards that are inherent to democratic principles. More specifically, democracy relates to participation in policy processes by those who are the subject of the policy. Social responsibility entails expressing responsibility towards internal and external stakeholders.

PRINCIPLE 10

**BOARD MEMBERS ARE DEMOCRATICALLY (RE-)APPOINTED  
ACCORDING TO RIGOROUS AND TRANSPARENT PROCEDURES.**

- The board proposes rigorous and transparent procedures and appointment criteria for the appointment and reappointment of the members of the board.
- The general assembly appoints the members of the board.<sup>1</sup>
- The general assembly always retains the right to nominate board members.
- The president ensures that the board and the general assembly have sufficient information about candidates standing for election, such as their curriculum vitae, relevant other positions and whether the candidate has sufficient time to perform the job properly.
- The names of the candidates will be communicated in a timely manner to the general assembly.

PRINCIPLE 11

**THE ORGANISATION SHALL ESTABLISH A STANDARDISED  
INTRODUCTION PROCEDURE FOR NEW BOARD MEMBERS.**

- A standardised introduction procedure will be established for new members of the board so that all the members are sufficiently knowledgeable about the organisation and its environment.
- The president of the board will invite every new member of the board for an individual discussion. Management will brief the new member about the organisation's operations.
- Every new board member shall receive a letter of appointment, which describes the profile based on which he/she was asked to join the board. The new member also receives a copy of the organisation's articles of association and internal regulations, as well as the multi-annual policy plan and other relevant (administrative) documents.

1 Act. of 1 July 1921 concerning not-for-profit associations, international not-for-profit associations and foundations (the not-for-profit act), Art. 4.

## PRINCIPLE 12

### THE ORGANISATION STRIVES TO ACHIEVE A DIFFERENTIATED, BALANCED AND COMPETENT COMPOSITION OF ITS BOARD.

- The board members represent the organisation, acting in its interest.
- The board draws up the desired profiles of the board members based on the organisation's mission, vision and strategic objectives. These are submitted to the general assembly for approval.
- When preparing these profiles, the organisation shall strive for a differentiated composition of the board in terms of gender, age and ethnicity.
- The board periodically evaluates the actual and desired profiles and when a vacancy occurs.
- In justified cases, the appointment of co-opted members of the board may help fill gaps in terms of skill and expertise in the short term. Such members should form a strong minority in the board and may only be appointed for a limited period of time (two to three years is customary). After this period, they may possibly submit their candidacy for the position of board member.

#### TIP 5

The size of the board should reflect the organisation's size and activity level. As a general rule, the more experience and knowledge is required, the larger the board will be. An effective and efficient operation requires a board that is neither too small, nor too large. Five members should suffice for small federations. For large federations, the maximum usually is nine to twelve members.



#### TIP 6

The search for (suitable) board members is often difficult. This is especially the case for smaller federations. Board member profiles may facilitate the search. The search will be more targeted and this will help give potential candidates a realistic and clear idea of what is expected from them. The board describes its general role, within the framework of the mission, vision and strategic objectives and which consequences this has for the board member profiles.

It is therefore important to start by establishing which role(s) the board must assume within the organisation in order to achieve the vision. A board may play a more controlling role and concentrate on its supervisory role of management. On the other hand, the board may actively advise management on certain themes, such as finance, legal affairs communication, sport-technical matters and HR management. In small federations, the board may even carry out certain operational tasks.

The specific profiles are defined based on the defined role(s). These profiles describe which specific professional and personal competences the individual board members should have. In terms of professional competences, every board should have both generalists and specialists on board. Relevant specialised areas of expertise include accounting and finance, legal affairs, HR management, marketing and communication and sport-technical matters. Relevant generic skills include negotiation skills, experience in obtaining sponsorships, and management experience. Personal characteristics of board members may also be highly relevant to the functioning of the board. A president should have good communication skills, should be able to reconcile opposing views, has leadership qualities and may formulate a critical opinion. Finally, the social function of a member of the board may also be relevant. A board member with good contacts in the business world, politics or sports may for example be very useful for the organisation.

Besides intellectual characteristics, we also recommend taking into account demographic characteristics, such as gender, age and ethnicity.

Finally, the board must also actively go in search of candidate board members with the pre-defined profiles. This task should be delegated to a nomination committee. It is worth noting that the current members of the board possibly do not meet the criteria of the pre-defined profiles (this will likely be the case when the profiles are introduced). Obviously the general assembly is always free to appoint members of the board at its discretion. Another option is to co-opt board members to fill gaps in terms of skill and expertise in the short term (see above).

**PRINCIPLE 13**

**THE BOARD ESTABLISHES A NOMINATION COMMITTEE.**

- The board establishes a nomination committee.
- The nomination committee has at least three members and may be composed of external members, besides members of the board. The president of the board cannot act as the president of the nomination committee. The managing director and the HR director may be invited to clarify matters where necessary.
- The concrete tasks of the nomination committee mainly consist of overseeing the appointments process and re-appointment process of the members of the board and management, searching for candidates for vacant mandates and advise the board and members of the general assembly on candidate board members and identify gaps relating to the skill, expertise and differentiated composition of the board.

**PRINCIPLE 14**

**THE ORGANISATION ESTABLISHES A QUORUM IN ITS ARTICLES OF ASSOCIATION OR INTERNAL REGULATIONS FOR THE BOARD AND THE GENERAL ASSEMBLY.**

- The organisation establishes an appropriate quorum, both for the board and the general assembly.<sup>2</sup>
- The organisation may consider letting the members of the board vote in absentia, e.g., by proxy or using communication technology.

.....  
2 Not-for-profit Act, Art. 8 for amendments to the articles of association.

## PRINCIPLE 15

### A FIXED TERM HAS BEEN ESTABLISHED AS WELL AS PHASED SCHEDULE BASED ON WHICH BOARD MEMBERS STEP DOWN FROM THEIR ROLE.

- The organisation limits the mandates of the board members in time and ensures that the maximum consecutive term does not exceed 12 years.
- The organisation proposes a phased schedule for the retirement of board members, under which only part of the members are replaced every time, guaranteeing the continuity of the board.



**PRINCIPLE 16**

**THE GENERAL ASSEMBLY REPRESENTS THE MEMBERS  
AND MEETS AT LEAST ONCE A YEAR.**

- The general assembly represents all the organisation’s members, directly or indirectly.<sup>3</sup>
- The general assembly meets at least once a year.<sup>4</sup>
- The organisation establishes procedures that make it possible to convene special and extraordinary meetings at any time.<sup>5</sup>
- The organisation gives the members of the board the opportunity to vote in absentia, e.g., by proxy or using communication technology.<sup>6</sup>
- During the general assembly, the board members answer members’ questions about the annual report and/or the agenda items.

**TIP 7**

The general assembly may be consulted on certain policy themes or in response to specific policy choices. The organisation may consider making good governance a fixed agenda item for each general assembly meeting in order to stimulate democratic debate on this theme. An (advisory) vote may be organised on policy resolutions regarding good governance.

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3 Decree governing the recognition of and subsidies for the organised sports sector, Art. 4.  
4 Not-for-profit Act, Art. 17.  
5 Not-for-profit Act, Art. 5.  
6 Not-for-profit Act, Art. 6.





PRINCIPLE 17

THE BOARD MEETS ON A REGULAR BASIS.

- The board meets on a regular basis so that it may properly performs its tasks. The exact number of meetings depends on the organisation's size and specific internal and external circumstances. The board shall meet at least five times a year. Large organisations often organise twelve meetings a year.
- The board establishes the procedures for drawing up the agenda for every meeting, the meeting proceedings and the adoption of resolutions. The president of the board ensures that these procedures are duly complied with.
- The board ensures that the agenda items relate to the organisation's strategic objectives.
- The board members shall receive complete and correct information in a timely manner before the meeting. The individual members receive the same information. It is the president's duty to see to this.

TIP 8

The procedures for meeting proceedings may establish the duration of meetings and ensure that the adequate time is allotted to each item on the agenda. The items to be discussed on the agenda of the board must be related to the organisation's strategic objectives.

In order to properly fulfil its function, the board must regularly meet. Although the number of meetings may vary in practice depending on the federation, we recommend meeting at least once every quarter, on top of another meeting to prepare the general assembly meeting.



**PRINCIPLE 18**

**THE ORGANISATION IS CHARACTERISED BY UNITY OF ADMINISTRATION.**

- The organisation’s articles of association ensure that no independent or autonomous (regional) entities may exist within the boundaries of the organisation, which may set out their own policy, which differs from the policy adopted by the general assembly and the board.

**PRINCIPLE 19**

**THE ORGANISATION ENSURES THAT ITS INTERNAL STAKEHOLDERS ARE INVOLVED IN THE ORGANISATION’S OPERATIONS.**

- The organisation maintains good contacts with internal stakeholders, especially athletes, and develops a policy for involving them in the organisation’s operations.
- Multi-annual policy plans are drawn up in consultation with major internal stakeholders.
- In its multi-annual policy plan, the organisation provides for adequate assurance of special minority interests.

**TIP 9**

One of the biggest challenges that sports federations face is to ensure the involvement and engagement of internal stakeholders such as athletes and clubs. Sports federations must listen to internal stakeholders but also engage in a dialogue with them, proactively and in a service-oriented manner. We recommend an innovative approach, consisting of visits, focus groups, surveys, complaints databases, competitions for new ideas and thematic ad-hoc working groups. Using social media is a must.



**PRINCIPLE 20**

**THE ORGANISATION PROVIDES SUPPORT TO ITS MEMBER ORGANISATIONS IN THE AREAS OF GOVERNANCE AND MANAGEMENT.**

- The organisation provides support to member organisations in the areas of governance, management and organisation through knowledge transfer. Options include workshops, one-on-one advice, management support and the exchange of good practices.

**PRINCIPLE 21**

**THE ORGANISATION PURSUES A POLICY OF SOCIAL RESPONSIBILITY.**

- The organisation develops and implements a policy of social responsibility, which sets out specific objectives and actions.
- Insofar relevant, this policy will focus on:
  - » social issues;
  - » environmental issues;
  - » care for the community in which the organisation (co-)organises sports events.

**TIP 10**

Sports federations on all levels are increasingly expected to adopt a socially responsible conduct. A policy of social responsibility may, in among other things, be aimed at collecting and sharing knowledge and good practices and encouraging members to take action. Specific projects may also be initiated, in cooperation with other federations as applicable.

**PRINCIPLE 22**

**THE ORGANISATION IMPLEMENTS A POLICY ON HEALTHY AND ETHICAL SPORTS IN ACCORDANCE WITH THE RELEVANT REGULATIONS.**

- The organisation implements specific objectives and action to promote healthy and ethical sport, in accordance with the relevant regulations.<sup>7</sup>

**PRINCIPLE 23**

**THE ORGANISATION IMPLEMENTS A POLICY ON THE FIGHT AGAINST DOPING IN ACCORDANCE WITH THE RELEVANT REGULATIONS.**

- The organisation implements specific objectives and actions with the aim of preventing, detecting and combating doping practices, in accordance with the relevant regulations.<sup>8</sup>

7 Decree on healthy and ethical sport of 20 December 2013; Decree of the Government of Flanders of 4 April 2014 governing the implementation of the decree of 20 December 2013 on healthy and ethical sport.

8 The Anti-Doping Decree of 25 May 2012, as amended by the decrees of 19 November 2014 and 4 December 2015; Decree of the Government of Flanders of 13 February 2015 governing the implementation of the Anti-Doping Decree of 25 May 2012.



**PRINCIPLE 24**

**THE ORGANISATION IMPLEMENTS A POLICY TO COMBAT MATCH-FIXING.**

- The organisation implements disciplinary rules to combat match-fixing. These rules include (1) banning any member of the federation from placing a bet related to youth leagues and a competition or match that he/she may (in)directly influence and from spreading confidential information which may reasonably be expected to be used in the framework of a bet; (2) the obligation for every member of the federation to report any requests to unduly influence competitions or matches to the federation; (3) the procedure for punishing any violations of the above rules.
- The organisation implements specific objectives and actions aimed at informing top athletes, talented athletes, trainers, referees and clubs.

**TIP 11**

We recommend that sports federations that may face issues of match-fixing map these risks and take the appropriate action to minimise these risks. Moreover, a person may be appointed within the organisation, acting as a single point of contact who will act in all matters related to match manipulation. This person is tasked with developing initiatives to combat match-fixing, receiving information about (possible) match-fixing, maintaining good relationships with the relevant authorities and investigating and collecting information about possible cases of match-fixing.

**PRINCIPLE 25**

**THE ORGANISATION IMPLEMENTS A POLICY FOR THE PROMOTION OF EQUALITY AND DIVERSITY.**

- The organisation implements specific objectives and actions aimed at promoting equality and diversity within the sports discipline and within the organisation.

**TIP 12**

(Sports) organisations are increasingly choosing to establish a quota to promote gender diversity whereby a fixed number or percentage of the members of the board must be of the least represented sex.



# DIMENSION 3

## INTERNAL ACCOUNTABILITY AND CONTROL

Internal accountability and control prevents concentration of power and ensures that decision-making is solid and free from undue influence. Besides this, internal accountability and control ensures that no board member or department has absolute control over decisions and that everyone's competences are clearly defined.

PRINCIPLE 26

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THE ORGANISATION RESPECTS THE RELEVANT LEGISLATION.

- The board guarantees that the organisation respects the relevant legislation.

PRINCIPLE 27

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THE BOARD DRAWS UP A MULTI-ANNUAL POLICY PLAN.

- The board submits a multi-annual policy plan and a motivated and responsible long-term financial planning to the general assembly for approval.
- The organisation's mission, vision and strategy are developed in the multi-annual policy plan.
- The board draws up an annual policy plan and budget based on the multi-annual policy plan and the long-term financial planning.



The mission defines the organisation's raison d'être and identity. The vision defines what the organisation wants to be. The strategy specifies which resources are used how to achieve the vision. Financial targets are linked to strategic objectives in this strategy.

**PRINCIPLE 28**

**THE BOARD ESTABLISHES PROCEDURES IN TERMS OF THE PREMATURE RESIGNATION OF BOARD MEMBERS.**

- The board establishes procedures in terms of the premature resignation of board members, in case of repeated absenteeism in spite of warnings, incompatible views and/or conflicts, malfunction, unethical conduct and other cases in which the board deems it is necessary for a board member to resign.

**PRINCIPLE 29**

**THE ORGANISATION DEFINES ANY CONFLICTS OF INTEREST WITH A MEMBERSHIP OF THE BOARD IN ITS ARTICLES OF ASSOCIATION.**

- The organisation defines potential conflicts of interest with the membership of the board in its articles of association.

**TIP 14**

It is important that conflicts of interest with the membership of the board are defined in the articles of association in order to prevent improper influence in the organisation's decision-making processes. Some examples include.

persons who are employed by a company that has a commercial relationship with the organisation (e.g., sponsors);

- persons who are members of a judicial body within the organisation;
- immediate family members of athletes who are members of the federation;
- immediate family members of a member of management;
- persons whose professional activities might cause a conflict of interest.

## PRINCIPLE 30

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### **THE ORGANISATION APPLIES A CLEAR GOVERNANCE STRUCTURE, TAKING INTO ACCOUNT THE PRINCIPLE OF SEPARATION OF POWERS.**

- The demarcation of tasks and competences between the organisation's various bodies is established in the organisation's articles of association and internal regulations. A clear distinction is made between policy-oriented, supervisory and executive tasks.
- An individual or entity may never have uncontrolled power.
- The key positions on the board of governors, i.e., of president, secretary and treasurer, are clearly defined and demarcated in the bylaws.
- The position of president of the board and managing director cannot be combined.
- Generally, the managing director is not a member of the board. He or she is aware of its decisions and attends the board meetings to inform the board members about the organisation's functioning and to be informed about policy choices. If the managing director is a member of the board, he or she may not be involved in any decisions concerning remuneration, nor may he or she continue to be a member of the board after stepping down or assume the position of president of the board.

#### **TIP 15**

The board establishes the organisation's mission, vision and strategy and has the final authority over its budget and finances. The board establishes the organisation's general policy, which includes the following elements: the general mission and vision, the processes that govern its own functioning, the relation with management and management's competences. Management is tasked with defining the operational policy.

## PRINCIPLE 31

### THE BOARD SUPERVISES MANAGEMENT IN AN APPROPRIATE MANNER.

- Management implements the strategy as defined by the board.
- The board defines the tasks, responsibilities and competences delegated to management in the internal regulations. If several persons hold a managerial position, then the internal regulations clarify how the tasks, competences and responsibilities are divided among the various members of management.
- The board establishes which decisions are left to management and which decisions are to be made by the board.
- A clear (financial) threshold is defined for contracts with external parties, which establishes whether management or the board must take the decision.
- The board gives management sufficient margin to autonomously perform its tasks. The board has a general supervisory role, without intervening in individual and specific decisions, except in very exceptional cases.
- The board establishes the remuneration of management.
- Based on the policy plan, more specifically on the strategic objectives and the budget, management regularly and periodically reports (at least four times a year) to the board about the organisation's operational management and financial situation. Management has a duty to provide full information to the board.
- The board organises an annual performance appraisal with management on individual performance and the achievement of the strategic objectives. Minutes are drawn up of this meeting, which are approved by the board.

#### TIP 16

Often it is appropriate to limit competences, instead of defining each individual delegated competence to prevent the bylaws from being too restrictive.

#### TIP 17

The board may draw up performance indicators to facilitate the assessment management based on the strategic objectives. Management must then periodically report to the board based on these indicators. Two types of indicators are recommended for this. On the one hand, indicators are needed that evaluate ex post, to measure progress (lag indicators). On the other hand, the board may also rely on indicators that give an indication of the future situation (lead indicators).



**PRINCIPLE 32**

**THE GENERAL ASSEMBLY SUPERVISES THE BOARD  
IN AN APPROPRIATE MANNER.**

- The members of the general assembly are informed in a timely manner<sup>9</sup> about practical matters relating to the meeting, the agenda items with a word of explanation and the list of items to be discussed. The agenda shall specify which items are to be brought to the vote.
- The general assembly approves the multi-annual policy plan proposed by the board, including the mission and strategy and the long-term financial planning.
- The general assembly monitors the implementation of the multi-annual policy and the long-term financial planning.
- The general assembly approves the annual policy, financial statements, budget<sup>10</sup> and policy plan.
- The board must account for
  - » its own performance;
  - » the relationship with management;
  - » the implemented policy;
  - » the organisation's finances;
- and demonstrates that these are still consistent with the multi-annual policy plan, including the organisation's mission and strategy.
- Members of the board have no voting rights in the general assembly, not even in another representative capacity.

**PRINCIPLE 33**

**THE ORGANISATION HAS AN APPROPRIATE RISK MANAGEMENT SYSTEM.**

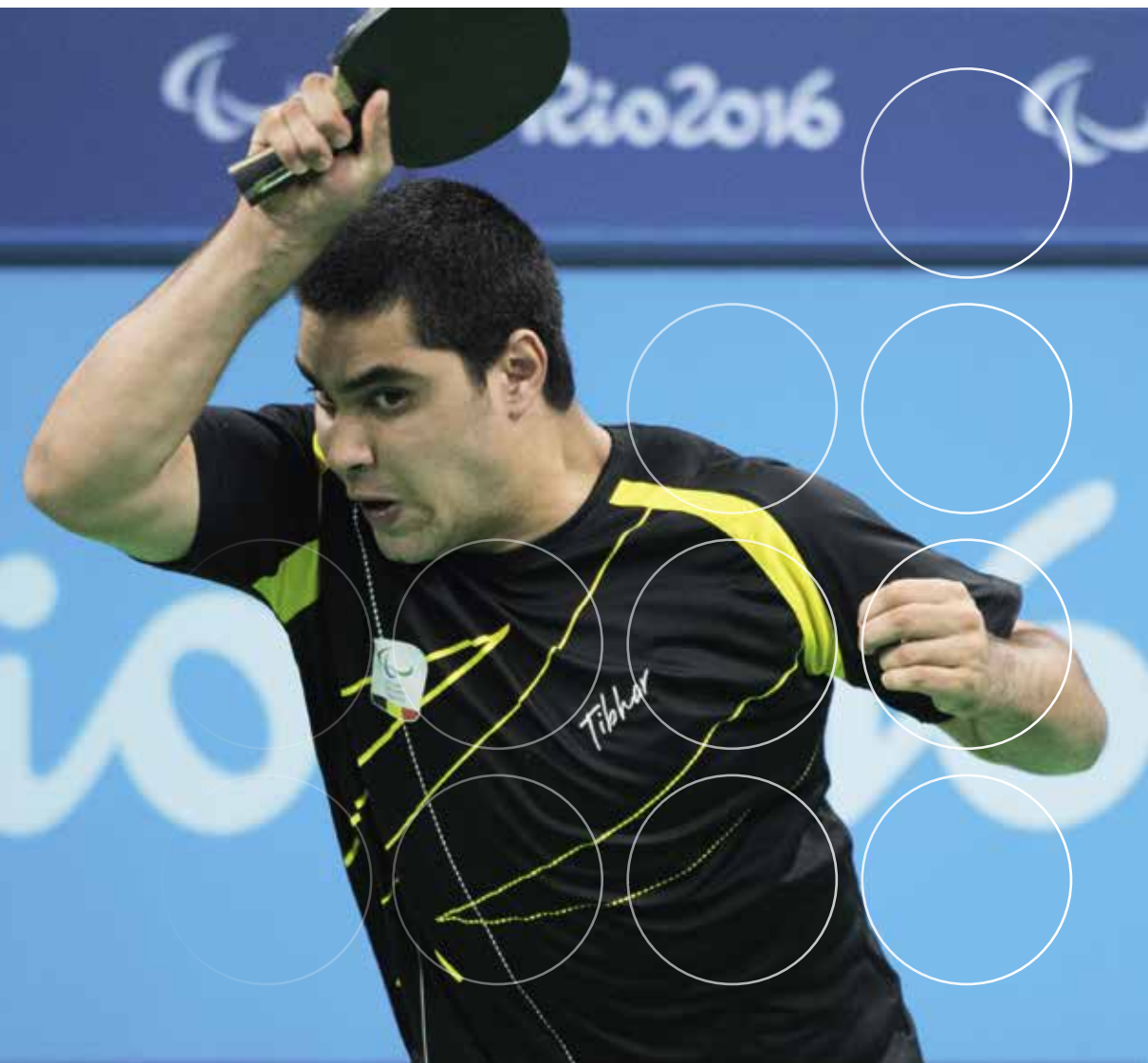
- Risk management is part of the (set) agenda of the board.
- The board assesses the probability and impact of all possible incidents and ensures that the right strategies are developed and implemented to limit or eliminate the risks. These strategies are regularly evaluated.
- Board members are informed at the start of their mandate about their liability and the board considers taking out an insurance policy for the board members' liability.

9 Not-for-profit Act, Art. 6.

10 Not-for-profit Act, Art. 4 and 17.

**TIP 18**

Sports federations operate in an increasingly complex environment. This requires the structured management of the (sports, financial, ethical and operational) risks that may prevent them from realising their objectives. Some activities require a detailed risk analysis. When organising a major event, for example, the possible negative and positive outcomes must be evaluated. All major events and activities must be budgeted and deviations from the budgeted amounts must be factored in. A worst-case scenario financial loss must be taken into account.



## PRINCIPLE 34

### THE ORGANISATION HAS A FINANCIAL OR AUDIT COMMITTEE.

- The organisation has an independent financial or audit committee that is appointed by the general assembly. Independent means that the committee's majority is composed of members who are not on the board.
- The committee supervises the organisation's financial policy and financial information.
- The board provides the committee with all the requested information and support.
- The board must provide the committee with access to all the required documents.
- The committee members must have the relevant (financial) expertise.
- The committee meets at least once a year.
- The committee reports to the general assembly.
- Additional committee tasks may include the following:
  - » assessment of and recommendations regarding the systems of internal control, risk management and governance;
  - » overseeing the internal audit process.

#### TIP 19

The financial committee checks whether funds were used as budgeted, or whether the procedures for financial control and accountability were complied with, or whether (long-term) financial stability is guaranteed and whether the resources were used efficiently. It is important to stress that a financial committee is also necessary when the organisation has already appointed an external auditor. If the organisation did not appoint an external auditor, the committee's main task is to assess the financial report, as presented by the board at the general assembly. Large federations may consider extending the systems of internal financial control, which are supervised by the financial or audit committee.

**PRINCIPLE 35**

**THE BOARD APPLIES AN INTERNAL CONTROL SYSTEM.**

- The board applies a system, in which agreements or payments made by the board, must be signed by two board members.

**PRINCIPLE 36**

**THE BOARD ANNUALLY EVALUATES ITS OWN COMPOSITION AND PERFORMANCE.**

- The board will annually evaluate its own composition and performance as well as that of its individual members.
- The board may be assisted for this by the nomination committee or by external experts.
- The results of this assessment are discussed by the board and with the managing director. The president takes the necessary measures to adjust things where appropriate. Where applicable, the general assembly is informed and invited to make the appropriate decisions.

**TIP 20**

The board's self-assessment may be organised in various ways. For example, the president may meet individually with the various members, but a meeting which focuses on assessment and reflection may also be organised. Large federations should probably involve external experts in this assessment process. In any event, every member of the board must have the opportunity to reflect on their own contribution to the meetings and whether it is consistent with the expectations.

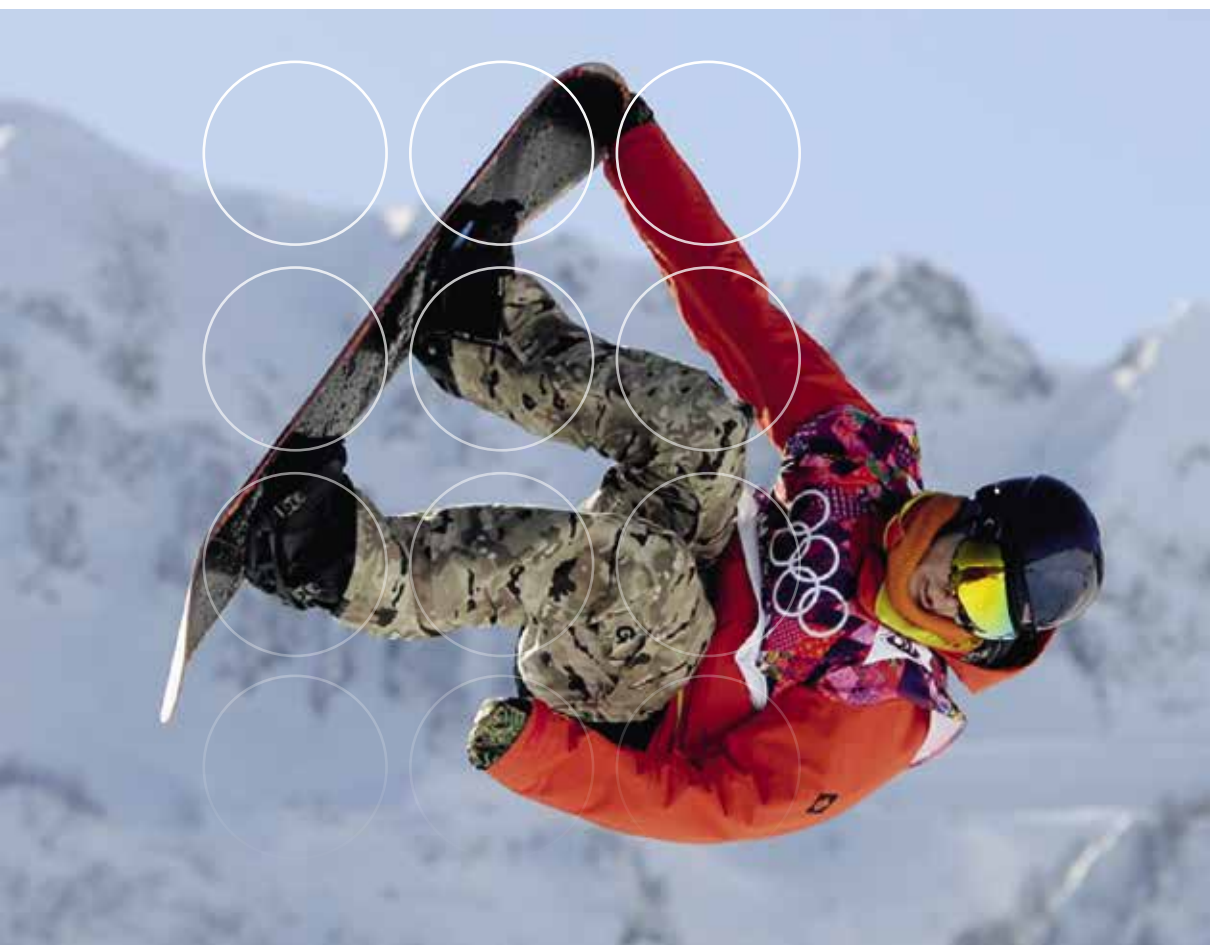
**PRINCIPLE 37**

**THE ORGANISATION IS CONTROLLED BY AN  
EXTERNAL, INDEPENDENT AUDITOR.**

- The general assembly appoints an external, independent auditor, following a proposal by the board.
- The board confers annually with the external auditor.

**TIP 21**

The external auditor's main task is to guarantee the reliability of the financial statements. In accordance with Article 17 of the Not-for-profit Act, all associations that exceed certain criteria (number of employees, annual turnover and total assets) must appoint an external auditor. Most sports federations, however, will not exceed these criteria. Moreover, a number of smaller federations do not have the resources for appointing an external auditor. And yet it is recommended that sports federations appoint an auditor as soon as they exceed a certain (financial) threshold (e.g., if they receive subsidies in excess of 150,000 euros).



**PRINCIPLE 38**

**THE BOARD IMPOSES A CODE OF CONDUCT ON THE MEMBERS OF THE BOARD, MANAGEMENT AND PERSONNEL.**

- The board establishes a code of conduct that applies to board members, management and personnel.
- The board informs the general assembly about this code of conduct.
- The code is signed by all the members of the board, management and personnel.
- The board takes steps to guarantee that all the relevant stakeholders are notified of the contents of the code and understand it.
- The code of conduct at least contains the following elements:
  - » the obligation to act with integrity;
  - » rules on expenses;
  - » rules on gifts;
  - » rules on conflicts of interest.

**TIP 22**

We recommend establishing a separate code of conduct for the board members. Organisations may consider having the candidate board members sign the code of conduct. In this way, board members are informed of their duties before the start of their mandate. It is also a way of avoiding a situation whereby incumbent member refuse to sign the code.

It is vital that a good communication strategy is developed on the code's principles to avoid the code from being adopted merely pro forma. Suggestions include training sessions about administrative responsibility, the distribution of short educational videos or an illustrated manual on ethics, a section about integrity on the website and the use of social media.

## PRINCIPLE 39

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### THE BOARD ESTABLISHES CONFLICTS OF INTEREST PROCEDURES THAT APPLY TO THE MEMBERS OF THE BOARD.

- The organisation establishes procedures regarding conflicts of interest.
- The procedures ensure that perceived or effective conflicts of interest are reported. Conflicts of interest are listed in the minutes and are recorded in a registry.
- The procedures guarantee that commercial transactions with a third party, with which a board member has an (in)direct familial or commercial relationship, must be submitted to the general assembly or a body mandated by the general assembly.
- The procedures guarantee that the members of the board may not participate in the vote about certain decisions, for which a conflict of interest exists.

#### TIP 23

A conflict of interest is any situation in which a member of the board must help make a decision about certain actions and transactions, which might directly or indirectly benefit him or her personally. This is the case, for example, when a family member of a member of the board is the subject of a resolution by the same board or when a board member has a commercial relationship with a third party that wishes to engage in a commercial transaction with the organisation.

It is important to remember that it is normal that conflicts of interest arise. Sometimes they are even inevitable. It is therefore impossible and sometimes even undesirable to try to ban all forms of conflicts of interest. The mere existence of a conflict of interest cannot therefore be considered an offence. It is, however, important to deal correctly with such conflicts of interest. The idea is to try to avoid conflicts and ensure that they are reported and registered. In some cases, members of the board may be required not to participate in the vote and/or deliberations. Clear communication is vital to avoid misunderstandings

**PRINCIPLE 40**

**THE BOARD ESTABLISHES PROCEDURES FOR THE  
PROCESSING OF COMPLAINTS IN THE BYLAWS.**

- The board establishes procedures that allow athletes and clubs to appeal against a sporting sanction.
- The board establishes procedures for processing complaints about discrimination and unwanted sexual behaviour.
- The board establishes procedures for processing complaints about violations of the code of conduct.
- The procedures contain clearly defined rules for:
  - » submitting complaints;
  - » investigating complaints;
  - » notifying the person who submitted the complaint about the outcome of the investigation;
  - » the establishment of an independent tribunal;
  - » the appeals procedure.

**PRINCIPLE 41**

**THE BOARD ESTABLISHES AN ANNUAL WORK  
PLAN AND MEETING SCHEDULE.**

- The board establishes an annual work plan and meeting schedule. This meeting schedule contains crucial activities including discussing and establishing the budget, the financial statements, the policy plan and the annual report, as well as the annual self-assessment, the assessment of management and the preparation of the general assembly.
- The board plans an annual discussion about and assessment of the organisation's governance pursuant to the present code.



**PRINCIPLE 42**

**THE ORGANISATION ENCOURAGES THE INCLUSION  
OF EXTERNAL MEMBERS ON THE BOARD.**

- The organisation takes steps to attract external board members, including advertising vacant positions in online databases.
- If necessary, the organisation is assisted by external parties and/or the nomination committee in its search for suitable external candidates.

**TIP 24**

External members contribute experience and expertise from outside the sports world. They also provide a neutral and objective voice on the board, something which people who are involved in the sport sometimes lack. This results in decisions that are free from vested interests. Ideally, at least 25% of the board is composed of external members. It is often difficult however to determine who qualifies as an external member. Usually external members do not have direct ties with the organisation or sport discipline and are considered independent by objective outsiders. Such members may often be found in the business world or in other sectors that have nothing to do with the sport or organisation. Although external members of the board are usually not a member of the organisation, a member (e.g., a recreational athlete) may qualify as an external member because he or she has no direct ties with the organisation.



**PRINCIPLE 43**

**IF NECESSARY, THE BOARD ESTABLISHES SUPPORTING COMMITTEES.**

- Based on the organisation's size, complexity and challenges, the board considers establishing supporting committees. Examples include a technical, remuneration or selection committee.
- The board defines the purpose, the delegated tasks and competences, composition and reporting obligations of the committees in the bylaws. The committees report to the board and/or management.
- Committees must have a specific purpose and use.
- The board reserves the right to make important decisions and establish its strategy at all times.

**TIP 25**

Committees enable the board to delegate specific specialised tasks. The number of committees varies depending on the organisation's scope and the complexity of the policy challenges it faces. Examples of relevant committees include audit, appointments, selection and technical committees.



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