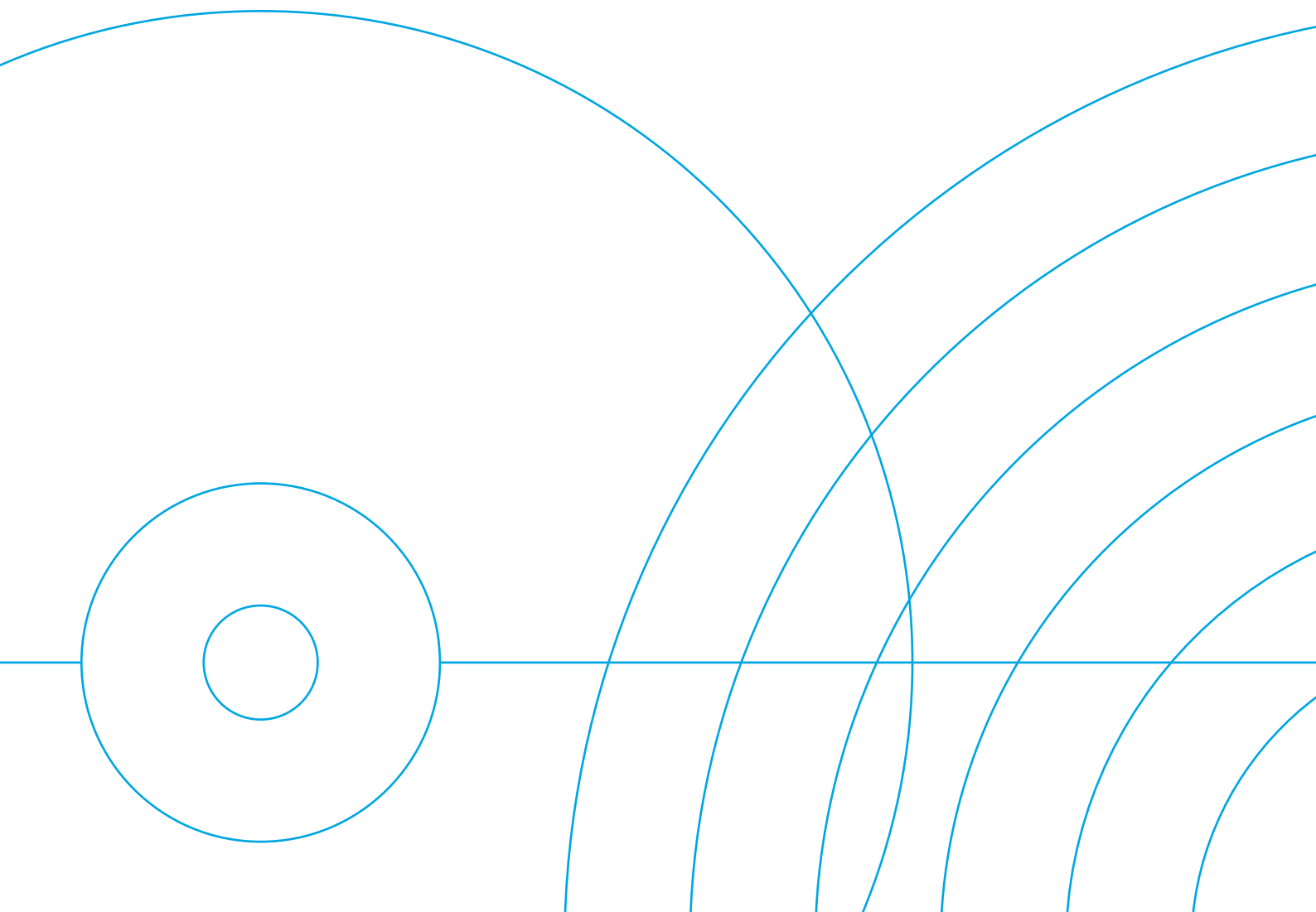
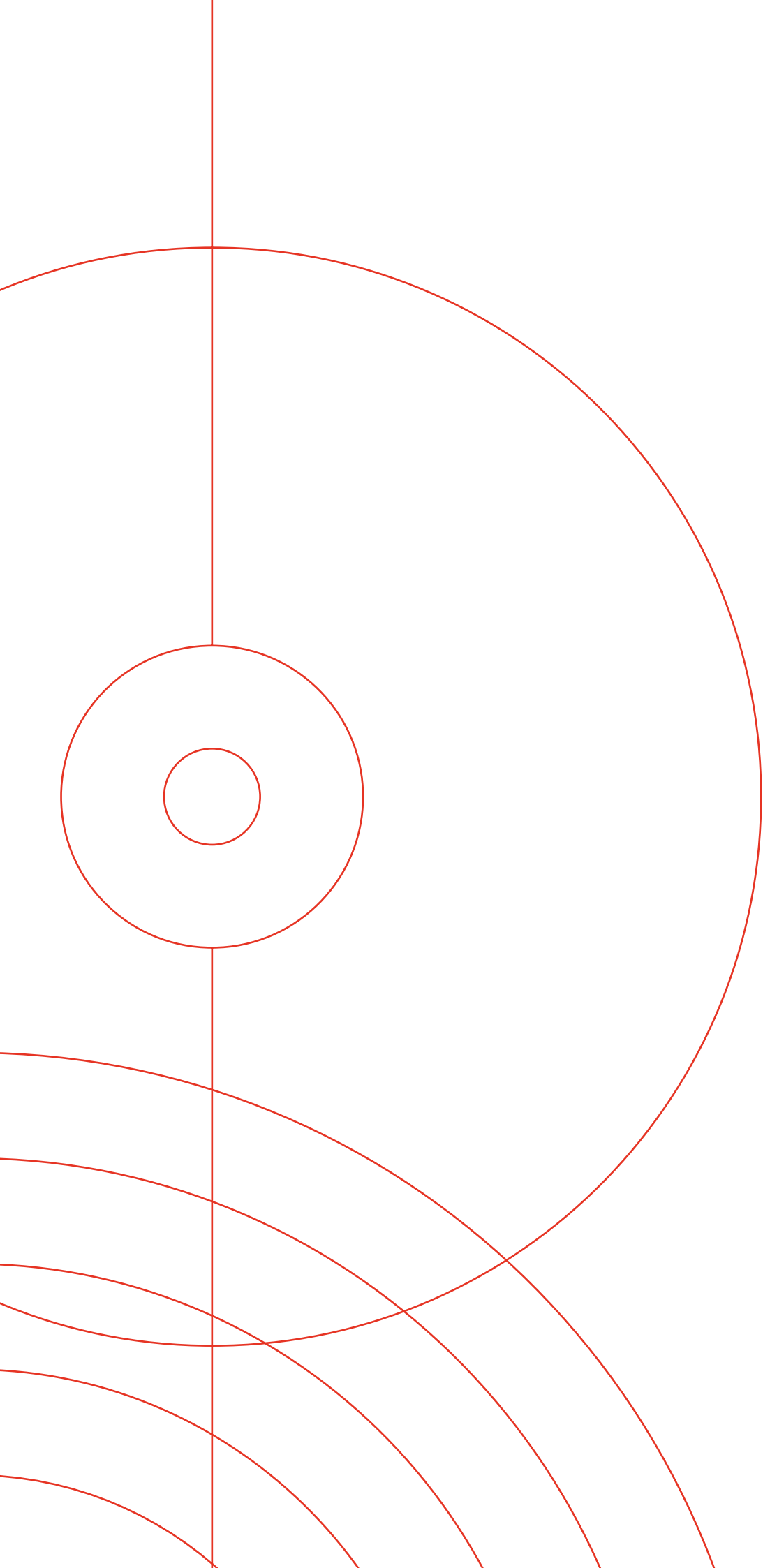




RF's code for democratic governance of sports federations and clubs





Introduction

We have chosen to call the document describing “good governance” for Swedish sport *RF’s code for democratic governance of sports federations and clubs*.¹

In the report *State support for sport – follow-up*², “good governance” is described as “an aspiration on the part of political decision-makers and organizations to ensure legitimacy and social awareness by applying democratic forms of governance”.

In the Swedish Sport Confederation’s *International Guidelines for Swedish Sport*, decided at the general assembly in 2015, it is established that Swedish sport should work according to the principles of “good governance, which includes democratic processes, transparency and anti-corruption”. These three concepts often overlap, are dependent on each other and it can therefore often be difficult to separate them.

The purpose of this code is to safeguard and develop good governance throughout all the parts of the sports movement. In order to ensure that federations and clubs will continue to have the freedom to carry on their activities in their own way in future, it is the responsibility of the sports movement to show that we are willing to tackle the ethical challenges that we face. By taking these issues extremely seriously and working to find solutions, we would like to create more extensive knowledge and awareness in this extremely important area. The code is intended to promote democratic decision-making processes and increase transparency in the work of the board.

Increased commercialization in Swedish sport, above all in major team sports, but also in certain individual sports, means that idealistic values often meet commercial values and challenges, which also place special demands on the board members of the sports movement. Swedish sport should not merely be made aware of the value of good democratic forms of governance at the national level, but it should also be proactive in urging that international sport be reformed.

The sports movement is already working intensively to get to grips with certain issues, for example doping, match-fixing and undemocratic forms of governance. Similarly, we need to work systematically to ensure respect for certain basic requirements concerning good governance in federations and clubs in order to strengthen the great confidence that social actors already have in our activities.

1 The formulation of the code was modelled on the *Swedish Code of Corporate Governance (2020)* (see www.bolagsstyrning.se).

2 *Statens stöd till idrotten – uppföljning 2013* (CIF 2014:1). (State support for sport – follow-up 2013)

I. RF's code for democratic governance of sports federations and clubs

Purpose

Good governance is all about ensuring that sports organizations are managed as sustainably, responsibly and efficiently as possible. The purpose of *RF's code for democratic governance of sports federations and clubs* ("the Code") is to strengthen confidence in the decision-making bodies of the sports movement by ensuring a positive and systematic development of the way it is governed.

Target group

The target group for the Code is boards and other decision-making bodies in federations and clubs registered with the Swedish Sport Confederation.³ The Code can be applied to both federations and clubs even though their activities may be based on widely differing premises. Larger sport clubs with many members and sports companies are expected to follow the Code. Smaller sport clubs may follow parts of the Code wherever possible and should otherwise do their best to work in its spirit.

Starting points

Our goal is to have a code that meets the purpose given above. In more concrete terms, this means that the Code should, for example, establish a clear norm for good governance, create favourable conditions for practising responsible leadership, maintain a clear and well-balanced division of roles and responsibilities between members, boards and management and create the greatest possible transparency in relation to members, the sports movement in general and society at large.

Content and form

The Code serves as a complement to the Swedish Sport Confederation's statutes, regulations and other rules as well as the equivalent statutes and rules of individual federations and clubs. It establishes a norm for good governance.

³ An IdrottsAB ("sports company"), under Chapter 11, Section 3 of the Swedish Sport Confederation's statutes, is also recommended to follow the *Swedish Corporate Governance Code (2020)*.

Follow or explain

The key to the Code is the concept “follow or explain”, which means that a federation/club does not have to follow every point in the Code. It is possible to choose other solutions that are better deemed to respond to the circumstances in each individual case, provided that every such deviation is openly reported, and that the solution that has been chosen instead is described, clearly stating the reasons for making such a choice.

The Code thus states what often – but not necessarily always – can be regarded as good governance in various matters. In certain cases, solutions other than those stated in the Code may very well mean better governance. One or several deviations from the Code thus do not signal worse governance. In many cases, explanations for such deviations can rather be that the federation/club in question has given its possibilities for good governance thorough consideration in order to arrive at the solution which has been found to be the best one in each individual case.

The Code consists of a list of numbered points. It is these points, and their sub-points, that federations/clubs are expected to address, with respect to the instruction “follow or explain”, with the exception of the information requirement in point 10 from which there is no scope to deviate by providing an explanation.

Furthermore, there are short texts in italics introducing certain points. The purpose of these is to explain the fundamental view or the statutory/legal provisions that form the basis of the points that follow, but they do not in themselves constitute regulations that should be followed or explained.

Most of the points are formulated in such a way that make it possible to objectively identify deviations and if necessary explain them.

II. Rules for good governance

1. General assembly

The members' influence in their federation/club is exercised at the general assembly, which is the federation's/club's highest decision-making body. The general assembly shall be prepared and carried out in such a way that preconditions are created for the members to exercise their rights in an active and well-informed way.

- 1.1.** The date and the place for the general assembly shall be determined well in advance. Once the date and the place have been determined, this shall be published without delay on the website of the federation/club. It should also be stated here which day is the last day that motions may be submitted to be raised at the general assembly.
- 1.2.** At the general assembly, the chair of the board and so many of the other board members shall be present to ensure that the board constitutes a quorum. The manager/secretary general, if there is one, shall always be present. In addition to this, at least one member from the federation's/club's nominations committee and at least one of the federation's/club's general examiners⁴ shall be present.
- 1.3.** The federation's/club's nominations committee shall submit proposals to the person chairing the meeting at the general assembly. Each proposal shall be presented in the notice to attend the meeting.
- 1.4.** A representative/member who is not a member of the board or an employee of the federation/club shall be nominated as the person to check the minutes after the meeting.
- 1.5.** An agenda and other meeting documentation shall be available on the federation's/club's website at the latest two weeks prior to the general assembly.

2. Nominations committee

The nominations committee is the body at the general assembly whose sole task is to prepare and submit proposals for decisions at the meeting regarding elections and possible matters regarding fees for the board and the auditors.

The members of the nominations committee shall safeguard the interests of all members and must not unless authorized disclose what has been included in the work of the committee. A member of the nominations committee shall, before his or her assignment has been granted, carefully consider whether there may be a conflict of interests or other circumstances which would make it inappropriate to work in the nominations committee.

- 2.1.** The federation/club shall have a nominations committee. The nominations committee shall submit proposals regarding the election of a chair and other board members as well as proposals regarding a possible fee and other compensation for the position of board member. The nominations committee shall, in its assessment of the board's evaluation and in its proposal under 4.1, pay particular attention to the requirement for diversification and breadth in the board and endeavour to achieve an even gender balance.

⁴ The purpose of the tasks of the general examiners is to examine the activities of the federation/club from a democratic perspective, that is that they should be carried out appropriately, economically effectively and they should ensure that internal scrutiny is sufficient. They are completely independent and their primary goal is to improve operations, and to work for the good of the federation/club.

The nominations committee shall also submit proposals for the elections and possible remuneration of auditors.

- 2.2. The members of the nominations committee shall be appointed at the general assembly. The nominations committee shall have an even gender balance.
- 2.3. The nominations committee shall have at least three members, one of which shall be appointed as chair. The members of the nominations committee shall be independent in relation to the federation/club and its manager/secretary general. Members of the board or employees of the federation/club shall not be members of the nominations committee.
- 2.4. The federation/club shall in good time, at the latest six months before the general assembly, provide information regarding the names of the members of the nominations committee. If a member should leave the nominations committee, information regarding this shall be provided. Information should also be provided on the website explaining how members can submit proposals to the nominations committee.
- 2.5. The nomination committee's proposals shall be presented in the notice to attend the general assembly and on the federation's/club's website. When the notice to attend is issued, the nominations committee shall leave a reasoned opinion on the federation's/club's website regarding its proposal for a board, paying due consideration to what is said regarding the composition of the board in 4.1. The opinion shall also contain a short account of how the work of the nominations committee has been carried out.

At the same time as proposals for the new election or re-election of board members are given on the website, information shall be provided on:

- name, year of birth and principal education and/or working experience;
 - other assignments in the federation/club as well as possible experience from other voluntary assignments;
 - what the candidate is expected to do as regards his/her contribution to the work of the board;
 - whether the member in the opinion of the nominations committee is to be deemed as independent (see 4.2 and 4.3) in relation to the federation/club and the board; and
 - in the case of re-election, which year the member was elected to the board.
- 2.6. The nominations committee shall, at the general assembly at which elections of board members and auditors shall take place, present and justify their proposals paying due consideration to what is said regarding the composition of the board in 4.1.
 - 2.7. The general examiners elected at the annual general meeting of the federation/club shall also be entrusted with the task of preparing the election of a nominations committee. The general examiners shall in this case follow the regulations and routines that apply for the nominations committee.

3. Tasks of the board

The board shall administer the federation's/club's affairs and the interests of all members, and defend and promote a positive culture in the federation/club.

- 3.1. The tasks of the board include:
 - working in accordance with the overall goals and strategy of the federation/club;

- taking decisions regarding the federation's/club's long-term set of core values;
- ensuring that there are appropriate systems in place for follow-up and supervision of the activities of the federation/club;
- ensuring that there is satisfactory supervision of the federation's/club's compliance with laws and other regulations that apply to its activities;
- guaranteeing that the federation's/club's information is correct, relevant and reliable, and is characterized by openness; and
- appointing, evaluating and if necessary dismissing the manager/secretary general.

3.2. Any essential assignments that the manager/secretary general has outside the federation/club require the approval of the board.

4. The size and composition of the board

The board shall have a size and composition that guarantees its ability to appropriately administer the federation's/club's affairs with integrity and efficiency.

4.1. The board shall, with regard to the federation's/club's activities, stage of development and other circumstances, have an appropriate composition, characterized by diversification and breadth regarding the competence, experience and background of the members elected at the annual general meeting. An even gender balance shall be sought. Deputy members for those board members elected at the general assembly shall not be appointed.

4.2. The majority of the board members elected at the general assembly shall be independent in relation to the federation/club and its management.

In order to determine the independence of a member, an overall assessment shall be made of all circumstances that may give reason to question the member's independence in relation to the federation/club or its management, whereby for example the following circumstances should be considered in the above assessment:

- whether the member has been manager/secretary general during the last five years;
- whether the member has been employed during the last three years;
- whether the member receives a substantial compensation for consultancy or services over and above his/her assignment on the board of the federation/club or from some other person on the board;
- whether the member has, or during the last year has had, substantial business connections or other substantial economic dealings with the federation/club in the capacity of customer, supplier or partner, either acting on his/her own or through another company or federation/club which has such a business relation with the federation/club; and
- whether the member has a close kinship or family relationship with a person in the management or any other person who is mentioned in the points above, and this person's direct or indirect dealings with the federation/club is of such an extent and significance that it would justify the fact that the board member would not be regarded as independent.

4.3. A board member who is employed or is a member of the board of a company with substantial interests in the federation/club shall not be considered to be independent.

- 4.4. A person who has been nominated as a board member shall provide the nominations committee with the necessary documentation to assess whether the person is in a possible position of dependency under 4.2 and 4.3.
- 4.5. The chair of the board shall not be appointed for longer than until the end of the period finishing with the next general assembly. Other board members can be appointed for two such periods of office.
- 4.6. A board member shall not be able to hold a position on the board for more than 12 years.

5. Assignment as a member of the board

A member of the board shall devote to his or her assignment the time and effort and acquire the knowledge that is required to cater for the interests of the federation/club and its members. Every board member shall act independently and with integrity and look after the interests of the federation/club and its members.

- 5.1. A member of the board shall independently assess the matters the board is to consider and request the information he or she considers necessary in order to enable the board to take well-founded decisions.
- 5.2. A member of the board shall continuously acquire the knowledge on the activities, organization, etc. of the federation/association that is necessary for his or her task.
- 5.3. A member of the board is responsible for ensuring that he or she can devote the requisite time to his or her assignment as member of the board taking into account his or her other assignments and commitments.

6. Chair of the board

The chair of the board has special responsibility for ensuring that the work of the board is well-organized and is carried out efficiently.

- 6.1. The chair of the board shall be elected at the general assembly. If the chair resigns during the current period of office, the board, provided a vice chair has not been elected, shall from amongst its members elect a chair for the period until a new chair is elected at the general assembly.
- 6.2. If the chair of the board has permanent assignments for the federation/club in addition to his or her assignment as chair of the board, the division of responsibilities between the chair and the manager/secretary general shall be clarified in the rules of procedure of the board and the instructions for the manager/secretary general.
- 6.3. The chair of the board shall ensure that the work of the board is carried out efficiently and that the board fulfils its obligations. In particular, the chair shall:
 - organize and lead the board in such a way that the best possible conditions for the work of the board are created;
 - ensure that every new board member completes the necessary introductory training and other training that the chair of the board and the new member both find appropriate;
 - ensure that the board continuously updates and deepens its knowledge about the federation/club;

- ensure that the board receives satisfactory information and background material for decisions;
- following consultation with the manager/secretary general establish the proposals to be included on the agenda for the meetings of the board; and
- check that the decisions of the board are implemented.

7. The board's working procedures

The board's working procedures shall be established by the board and be clear and well-documented. In order to ensure that the board is able to take well-founded decisions, the operations manager/secretary general shall provide the board with the necessary documentation for its work both prior to and between the meetings of the board.

- 7.1.** If the members of the board amongst themselves set up committees or other similar bodies, it shall be included in the working procedures of the board which working tasks and which decision-making authority the board has delegated and how such a body shall report to the board. A committee or other body shall provide a record of its meetings and the record shall be made available to the board.
- 7.2.** The board is responsible for ensuring that the federation/club maintains good internal scrutiny; that the financial reporting is drawn up in agreement with the law and appropriate reporting standards for the federation/club.

8. Evaluation of the board and the manager/secretary general

Regular and systematic evaluation constitutes the basis for assessment of the performance of the board and the manager/secretary general and for continuous development of their work.

- 8.1.** The board shall evaluate the work of the board annually in order to develop the board's working procedures and efficiency. This can be done by carrying out an internal discussion in the board, which is then recorded as having taken place.
- 8.2.** The board shall continuously evaluate the work of the manager/secretary general. The board shall specifically consider this matter at least once a year, and no employee shall attend at this time.

9. Compensations to members of the board and the manager/secretary general

The federation/club shall have formalized and well-communicated processes for decisions regarding possible compensations to members of the board.

- 9.1.** The board shall take decisions in questions regarding compensation principles, compensations and other terms of employment for the manager/secretary general of the federation/club.
- 9.2.** The general assembly shall take decisions in matters regarding compensation principles and compensations for the board.

10. Information regarding governance, sustainability and compensations

The board shall draw up a governance report annually and inform members on its website of how the governance of the federation/club is working and how they have worked with the Code during the year.

- 10.1.** In its governance report, the federation/club shall, for each rule in the Code it has deviated from:
- report the deviation;
 - state the reasons for the deviation; and
 - describe the solution that was chosen instead.
- 10.2.** In addition to what is described in 10.1, the following information must be given in the governance report:
- the composition of the nominations committee;
 - for each one of the members of the board, his or her name, age and role on the board;
 - the division of responsibilities in the board, how the work of the board has been carried out during the latest financial year, including the number of board meetings that have taken place and the attendance of each board member at the board meetings;
 - the composition, working tasks and decision-making authority of any possible bodies associated with the board under point 4.1 above; and
 - in the case of the manager/secretary general, his or her name, year of birth and any essential assignments outside the federation/club shall be stated.
- 10.3.** The federation/club shall have a special section on the website on matters relating to governance, where the last five years' governance reports are presented.

In the same section on the website, there shall also be information on:

- board members and any possible compensation they may have for their assignment;
- the manager/secretary general;
- the annual accounts or annual closing of the books;
- the auditor and the auditor's report;
- an organogram;
- statutes;
- a record of the annual general meeting;
- the annual report; and
- the focus of activities.

11. Scrutiny

The board shall scrutinize its work with the Code annually by means of internal follow-ups.

- 11.1.** Scrutiny is carried out by means of selecting two general examiners at the general assembly who are specially assigned to scrutinize the federation's/club's work with the Code. The board shall ensure that these persons have access to relevant information on the activities of the federation/club.
- 11.2.** The Swedish Sport Confederation has the task of following up the Special Sport federations' work with the Code and the governance report.

