



RELATED PARTY TRANSACTIONS POLICY

1) Overview:

WOSM is committed to upholding the highest ethical and legal conduct in fulfilling its responsibilities and recognizes that related party transactions can present a risk of actual or apparent conflicts of interest of its governance body with its own interest. Therefore, it endeavours to ensure that the transactions are at arm's length and in the ordinary course of operation.

This policy intends to augment and work in conjunction with other policies such as code of conduct, and/or conflict of interest provisions.

2) Purpose:

It aims to ensure:

- Every related party transaction is conducted in the manner that will protect WOSM from conflict of interest, which may arise between the organization and its related parties.
- Proper review, approval, ratification, and disclosure of transaction between WOSM and any of its related parties.
- WOSM financial statements contain the relevant disclosures necessary to draw attention to the possibility that its financial position and income statements may have been affected by the existence of related parties.
- Compliance with the Swiss GAAP FER 15, WSC conflict of interest policy, WSB employee handbook and any applicable laws in the countries where its support centres are located.

3) Scope:

It applies to members and staff of WOSM corporate governance body as defined in paragraph 4a. The transaction covered in this policy includes any contract or arrangement in any form with a related party with respect to transaction as defined in paragraph 4c.

All related party transaction declared shall require approval of WSC Audit Committee.

This policy is not intended to conflict with any applicable laws or regulations and if any such conflict occur the requirements of the law or regulation shall prevail.

4) Definition:

- a) A related party is a person or an entity that is related to WOSM. Both parties are considered to be related if one party has the ability to directly or indirectly exercise significant influence on the other party in making financial or operative decisions.
- (i) A person or a close member of that person's family is related to WOSM, if the person either:
- Has the capacity to exercise control or joint control over the organization,
 - Has significant influence over the organization,
 - Is a member of the World Scout Committee or Regional Scout Committee, or
 - Is a staff of the Senior Management Team, World Scout Bureau.
- (ii) An entity is related to WOSM, if any of the following conditions apply:
- The entity and WOSM are members of the same group (such as National Scout Organization or its constituent association)
 - The entity is an associate or has significant influence over WOSM (such as World Scout Foundation)
 - Both entities are joint venture of the same third party (e.g. World Scout Shop)

- The entity over which a person as defined in 4a(i) above has the capacity to exercise significant influence.
- b) A close family member of the related party is defined as an immediate family member that includes a person's spouse, parents, step-parents, children, stepchildren, siblings, mothers- and fathers-in-law, sons- and daughters-in-law, and brothers- and sisters-in-law and anyone residing in such person's home.
- c) A related party transaction is defined as a transfer of resources, services, or obligations between related parties, regardless of whether a price is charged. As examples, any of the following transactions entered with a related party are regarded as related party transactions:
- Purchases, sales or supply of goods or materials,
 - Rendering or receiving of services,
 - Agency agreement,
 - Outsourcing arrangements,
 - Leasing of property of any kind,
 - License agreements,
 - Selling or disposing of, or buying property of any kind,
 - Guarantees and collateral,
 - Management contracts, and
 - Loan, cash advances and any arrangement that would not be given to a third party under the same conditions.

5) Requirements:

Members of the World Scout Committee and Regional Scout Committee as well as staff of Senior Management Team are:

- a) Required to declare "conflict of interest" immediately as they become aware of any possibility that their personal or wider interest could influence their decision making. Members and staff have a responsibility to act in the best interest of WOSM above all other roles and responsibilities when making decisions. This declaration is integrated with the overall Conflict of Interest policy of the World and Regional Committees and the World Scout Bureau.
- b) Responsible to declare any "[related party transaction](#)" and material interest that they or an immediate family members may have on such transaction. The information declared should include:
- A general description of the transaction, including material terms and conditions.
 - The name of the related party and the basis on which such person or entity is a related party.
 - The related party's interest in the transaction, including the related party's position or relationship with, or ownership of, any entity that is a party to.
 - The approximate total value of the transaction and share of the related party's interest in the transaction,
 - Whether the transaction includes any potential reputational risk issues that may arise as a result or in connection with the proposed transaction.
 - Any other material information regarding the transaction.
- c) The WSC Audit Committee shall review the material facts of all the related party transactions. The information declared and disclosed will be reviewed, ratified, and approved by the Committee. In determining whether to approve or ratify a related party transaction, the Committee will consider the following factors to the extent relevant, in conducting an independent review:
- Identifies the parties involved in the transaction or relationship,
 - Terms of the transactions are fair and on arms-length basis to WOSM,
 - The impact on the related party's independence, and
 - Whether the related party transaction would present an improper conflict of interest.

6) Disclosure:

- a) The following related party transactions that require disclosure in the financial statements includes:
- Sales and purchases, including those of tangible assets
 - Commissions and license agreements
 - Financing
 - Rendering or receiving of services
 - Rent or lease transactions
 - Transfer of research and development
 - Guarantees and collateral
 - Property transactions with own pension funds
 - Loan, cash advances and any arrangement that would not be given to a third party under the same conditions
- b) Not to be disclosed as related party transactions are:
- Ordinary compensation of related parties from their activities as employees or as specifically appointed bodies
 - Ordinary contributions to pension funds
- c) Once a transaction has been identified in paragraph 6a above, as related party, the following information will need to be disclosed:
- Description of the transaction
 - Volume of the transactions, normally an amount
 - Other significant conditions, if any
 - The identity of the related party has to be disclosed only if this is necessary for a better understanding of the transaction
- d) Similar transactions and receivables/payables of different related parties can be summarized in categories, as long as separate disclosure is not necessary for an understanding of the financial statements. However, netting is not allowed, if transactions and receivables/payables with a single related party are of major importance, they have to be disclosed separately.

7) Document references:

- Swiss GAAP Accounting and Reporting Recommendation
- WSC Conflict of interest policy
- WSB Employee Handbook