

CODE OF ETHICS FOR MEMBERS OF THE MANAGING BOARD AND COMMITTEE MEMBERS OF THE USA Karate Federation

A. Application

This Code of Ethics (the “Code”) applies to all members of the Board of Directors of the USA Karate Federation (“USAKF”), including regular and *ex officio* members of the Board of Directors (“Board members”), all members of committees of the USAKF including for these purposes any committee, all officers, the president, director, chief operating officer and chief financial officer, whether or not they are members of the Board of Directors or officers (“key employees”) (all of the foregoing being an “Insider”).

B. Purpose

The purpose of this Code is to educate Insiders about potential conflicts of interest, to confirm the requirement for disclosure of real or perceived conflicts of interest and to establish procedures to avoid permitting such conflicts of interest to affect the decision-making process of the Managing Board and committees. A conflict of interest exists when a private interest interferes in any way with the interests of the USAKF. All Insiders are expected to place the interests of the USAKF ahead of personal interest or gain and to avoid potential conflicts of interest or the appearance of a conflict of interest.

C. General Principles

- 1. Ethical Conduct** – Insiders serve the public trust and have a clear obligation to fulfill their responsibilities in a manner consistent with the best interests of the USAKF. High standards of ethical conduct, both in fact and in appearance, must guide the USAKF’s decision-making process at all times.
- 2. General Definition** – Generally, a conflict of interest is any circumstance that potentially affects the independent, unbiased judgment of an Insider in light of his or her decision-making authority or responsibility. These circumstances can arise when an individual has personal, familial or business interests that relate to a matter under consideration by the Managing Board or a committee or the staff. A conflict of interest may also include situations in which an individual holds a position with the USAKF as well as with a corporation, partnership, trust, proprietorship, firm, association, organization or other entity (each an “entity”) seeking or having a relationship with the USAKF or the objectives or interests of which may be adverse to the USAKF. In these latter circumstances, the duties owed by the individual because of such other positions may make it difficult for the individual to act with undivided loyalty to the USAKF.
- 3. Potential Conflicts of Interest** – Many conflicts of interest are inconsequential and will have little impact on the USAKF if the individual having the conflict of interest makes appropriate disclosure and does not seek improperly to influence, and exercises restraint while participating in, decisions in which he or she has an actual or potential conflict of interest. The significance of a particular conflict of interest may depend on the role of the

Insider in the USAKF or another entity. An Insider's isolated abstention in a vote of the Board members or members of the committee may be relatively unimportant. In some cases, however, the USAKF can be disadvantaged by losing the participation of Insiders in important decisions. Therefore, Insiders should be particularly sensitive to situations in which they are offered senior leadership roles, e.g., positions as officers or members of key committees, in both the USAKF and entities which have regular and significant dealings with the USAKF.

D. Identifying Conflicts of Interest

- 1. Presumed Conflict of Interest** – An Insider is considered to have a conflict of interest when the Insider or a “family member” (spouse, brother, sister, or lineal descendants or ancestors or the spouse of such descendants or ancestors), or any other family member or family member's spouse, if living in the same household as the Insider):
 - a. Has any personal, business or organizational interest or affiliation that is USAKF-related, such as serving as a trustee, director, officer, employee or partner or owning greater than thirty-five percent (35%) of the voting stock or controlling interest in any entity that does business with the USAKF.
 - b. May receive a personal, business or organizational benefit – apart from that conferred on the USAKF - from knowledge of confidential USAKF information, or from an action contemplated to be taken by the USAKF.

In analyzing any particular situation, the Insider, in addition to following the technical rules, should avoid any situation or relationship which, if known to the public, would have the appearance of impropriety or the potential to embarrass the USAKF.

- 2. Questions and Process** – Any Insider who is uncertain whether he or she has a potential conflict of interest in any matter or who desires assistance in interpreting and construing the terms of this policy may seek advice from the Director of the USAKF. Any Insider may request that the determination of whether a conflict of interest exists be made by the Board of Directors which determination shall be final and conclusive. Consistent with the duty to disclose to the USAKF important relevant information known to an Insider, if an Insider perceives the existence of an actual or potential conflict of interest involving another Insider which has not been disclosed to the Board of Directors or the affected committee, the Insider perceiving the existence of such actual or potential conflict shall immediately notify the Director.

E. Disclosure and Abstention from Voting.

If an Insider has an actual or potential conflict of interest, such Insider shall abstain from voting on any matter that involves such actual or potential conflict of interest. In addition to the foregoing, an Insider should refrain from attempting to influence any decision of the Board of Directors or committee or any member thereof on any matter which may involve an actual or potential conflict of interest for such Insider except under the following circumstances:

- a. Board members or committee members may express their views at the Board of Directors or committee meetings after disclosing at the time of such expression material facts giving rise to the actual or potential conflict of interest.
- b. Before any vote or other action taken on any matter in which an Insider has an actual or potential conflict of interest, the disinterested Board members or committee members shall be accorded an opportunity to discuss the matter outside of the presence of any Insiders who have an actual or potential conflict of interest and any votes shall be taken outside of the presence of any Insiders and no such Insiders shall be counted in determining the quorum for the meeting.
- c. The minutes of the meeting shall record the disclosure of the conflict of interest, the Insider's abstention from consideration of the matter and the determination, if made, that the transaction is in the USAKF's best interest.

F. Limitation on Gifts

Insiders shall not knowingly receive any pecuniary gain or accept anything of value, including, without limitation, payments, gifts, loans or entertainment, from vendors, contractors, or other entities who have proposed or have existing business relationships with the USAKF, other than gifts of nominal value (\$75.00 or less).

G. Confidential Information

An Insider must never use information received while serving the USAKF if the personal use of such information would be detrimental in any way to the USAKF. Insiders shall not share with third parties confidential information obtained in the course of their duties. This includes the briefing materials prepared in advance of meetings, minutes of meetings, or discussions which may occur at meetings.

H. Implementation

To implement this policy, Insiders will be expected to submit annual reports on forms prepared by the USAKF. All reports shall be maintained in confidence and access shall be limited to persons who have a reasonable need to know the contents thereof, except (1) when it is generally known or available to the public; (2) when, after consultation with the Insider, including members of committees that are not committees of the Board of Directors, the USAKF's best interest would be served by disclosure; or (3) when the Insider desires to participate in any Board of Directors or committee discussion or deliberation regarding any matter that is the subject of a conflict of interest, in which case, disclosure shall be a prerequisite to such participation. These reports will be collected and reviewed by a member(s) of the Board of Directors selected by the Board of Directors, and such member(s) shall advise the Board of Directors Board of any material conflicts of interest disclosed. The Board of Directors shall resolve any actual or potential conflicts of interest.

Notwithstanding the annual disclosure, any Insider who has an actual or potential conflict of interest with respect to a matter coming before the Board of Directors or any committee should make disclosure to the Director of the USAKF or, in the case of committee members, to the Chair of the applicable committee, in writing in advance of any Board of Directors or committee action; provided, however, that in the event there is no identified individual to whom disclosure can be made who, to the knowledge of the Insider proposing to make such disclosure, does not also have a conflict of interest with respect to the matter giving rise to such disclosure, then disclosure should be made to the Board of Directors or applicable committee as a whole.

I acknowledge that I have received, read, and understand the Code of Ethics of The USA Karate Federation. I understand that failure to comply with the policy could result in disciplinary action up to and including termination of membership and positions held within this organization.

Name (please print)

Signature

Date