

Minutes of a Meeting of the
2008-2009
Board of
Directors

Westin South Coast Plaza Hotel
Costa Mesa, California

February 11-14, 2009

TOASTMASTERS INTERNATIONAL®

Minutes of the 2008-2009 Board of Directors
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The February meeting of the Board of Directors of Toastmasters International for the 2008-2009 administrative year convened at 8:00 a.m., February 11, 2009, President Jana Barnhill, DTM, Chairman, presiding. The other officers and directors present were: Ford, Schmidt, Johnson, Notaro, Appleyard, Asad, DiCarlo, Holliday, Howard, Murad, Nicholson, Norris, Poh, Raffety, Rich, Russell, Smith, Snyder, Southwick, Swearingen, Thompson and Weber. Executive Director Daniel Rex, Secretary/Treasurer Nancy Langton, and Nonprofit General Counsel Greg Colvin were also present.

The Minutes of the August 11-13, 2008 and the August 17, 2008 Board meetings, as well as the August 13-15, 2008 Annual Business Meeting and the Minutes of the November 9-11, 2008 Executive Committee meetings were approved previously by electronic unanimous written consent.

COMMITTEE OF THE WHOLE

PRESIDENT'S REPORT

I thought I knew what I was getting into when I was elected your International President. Certainly living with a former President has given me a very unique insight and understanding of this job. However, as my distinguished predecessor so aptly said this time last year, "It's not until you're actually doing the job that you really find out what it's all about."

There are parts of this job that are undeniably enjoyable and rewarding. I am so privileged to be the first President to work with our newest Executive Director Daniel Rex. On a daily basis, he affirms to us that placing him in that position was the right thing to do.

Another gratifying element of this job is the chance to visit a number of Toastmasters districts around the world. Bob and I had the good fortune to visit districts 53, 14, 62, 3, 2

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and 49. On every visit we made, the power of the Toastmasters program was evident. Successes were applauded and stories shared about how Toastmasters has given our members the Courage to Conquer something in their lives. The enthusiasm demonstrated by our members was a clear sign that we are part of one of the greatest organizations in the world.

In addition to seeing firsthand how our program continues to change people, I saw very clearly that the majority of our members who excel, who attend conferences, who really reap the most from our program are members of Distinguished Clubs. I am convinced, now more than ever, that if we are going to continue to strengthen this organization, if we are going to retain members longer, we must place more emphasis, more attention and more recognition on Distinguished Clubs!

Something else I noticed was the fact that our strategic objective of becoming as well known for leadership development as we are for communication development is taking hold. On more than one corporate relationship visit, I had company executives tell me they now look to Toastmasters for their leadership development training. That was exciting! It also convinces me that we must continue to develop our leadership program to include objective and evaluation components, just as we have in our communication program.

A President never knows how his/her theme will encompass the year, but we as an organization have certainly been called upon to demonstrate the Courage to Conquer! Our decision to change the site of the 2010 Convention from Sydney to Palm Springs was not an easy one, but it was the only one we could make.

In addition, we are facing a global economy that is the worst we have seen in years. We don't know how this will affect us, but we do know this: now more than ever, people need what this organization has to offer. I encourage us all to have the Courage to Conquer the challenges of the world, and bring more people into Toastmasters.

During the rest of this meeting, you will hear how the Board has worked to have the Courage to Conquer our future. Our governance reshaping project will be brought to our membership in August, in Mashantucket. Change does require courage and we are confident that our members will have the courage to move this organization forward.

I continue to be deeply humbled and honored to serve as your International President. I am surrounded by officers and directors who make my job much easier than it could be. We have the greatest staff in the world and members who are proud to wear and spread the Toastmasters name. As we continue to work together,

I see no lack of Courage to Conquer!

EXECUTIVE DIRECTOR'S REPORT

Toastmasters International is growing and strong. Between July and December 2008 membership payments increased by 7.6%, product sales increased by 8% and the number of new clubs grew to 323. Educational award completions overall increased by 6% and

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Competent Leader registrations increased dramatically. We can infer from these prime indicators that Toastmasters International, as a global organization, has experienced a successful six-month period.

The impact on Toastmasters of the global credit crisis, and its effects on equities markets and consumer confidence and spending, is still undetermined. October renewal payments were in line with expectations, but members' decisions to renew were likely made in September. Renewal rates in April 2009 will be very telling. The Conference Board Consumer Confidence Index, which reflects the sentiments of U.S. consumers, showed a sharp decline in October and an all-time low in December 2008. Low confidence could mean slow growth in membership or even a decline in 2009.

Toastmasters is a practical solution in tough times when effective communicators and leaders are needed more than ever. Since Toastmasters is a value-based solution to both individuals and organizations, the current marketing strategy is geared toward this focus. An example of this strategy is the content featured on the Toastmasters Web site, which through articles about members' real-life experiences clearly demonstrates the value of Toastmasters.

The World Headquarters team continuously focuses on improving the level of services and products it provides to the individual Toastmasters member, the club and its officers, as well as district officers and the Board of Directors. Increased training and staffing levels provide the ability to meet current needs as well as look to the future and achieve Toastmasters' strategic objectives as defined by the Strategic Plan.

OTHER MATTERS

1. The Board reviewed and accepted the year-end Financial Statements and the independent auditor's report for the fiscal year ended December 31, 2008.
2. **Restricted:**
3. Concerning certain recent unethical communications which were distorted, derogatory, and revealed confidential corporate affairs of Toastmasters International, the Board approved a confidential resolution authorizing the Executive Committee to make further inquiries and take necessary and appropriate actions, subject to review by the Board.

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EXECUTIVE COMMITTEE

The report of the Executive Committee was presented by Senior Vice President Gary Schmidt and covered the following items considered at its February 8-10, 2009, meeting:

1. The Committee reviewed the year-end financial statements and the independent auditor's report for fiscal year 2008 and recommended acceptance of the report.
2. In accordance with the requirements of the California Nonprofit Integrity Act (NIA) of 2004 and the February 2005 Board resolution, the Committee reviewed the compensation of the Executive Director and the CFO (Senior Director of Operations and Administration) to assure that their compensation is just and reasonable compared to similar organizations. The California NIA also requires the Board to appoint an Audit Committee which is separate from the Finance Committee of the Board. Past International President Terry Daily, DTM, was appointed and served as the chairman of the Audit Committee for the fiscal year 2008, with Past International President Jon Greiner, DTM, serving as Co-Chairman. The Committee recommended that Mr. Greiner be appointed to serve as Chairman of the Audit Committee for the 2009 fiscal year and that Past International President Pauline Shirley, DTM, be appointed to serve as Co-Chairman. The Committee recognized Mr. Daily's contributions and thanked him for his service on the Audit Committee for the last two years.
3. As provided by policy, the dues and fees structure of the organization is to be reviewed at least every three years beginning in February 2009. The Committee recommended that the review of the dues and fees structure be postponed until November 2009.
4. The Committee commended the Executive Director on the selection of Bruce Tulgan, an internationally recognized expert on young people in the workplace and a leading expert on leadership and management, as the recipient of the 2009 Golden Gavel Award.
5. The Committee recommended adoption of a new Conflict of Interest policy, Policies and Procedures VI A 23 (attached). The Internal Revenue Service Form 990, which nonprofit organizations in the United States must file annually, requires more disclosure than previous editions. A conflict of interest policy can be a roadmap in staying in compliance with those laws, by use of a disclosure, review, and approval process that will give the organization a presumption of reasonableness when potential conflicts of interest occur.
6. The Committee began discussion on recognition programs at all levels of the organization. The Committee acknowledged the need to emphasize and recognize quality at every recognition level and the desire to create strong vertical alignment within the entire recognition system.

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7. The Committee reviewed the policies concerning individual Web sites and trademark use as it applies to social networks and podcasts by both members and non-members and referred this item to the Executive Committee for further discussion at the August 2009 meeting.
8. International President Jana Barnhill reported on her activities since the November, 2008, meeting.
9. Executive Director Daniel Rex provided a summary of the progress of Toastmasters International from July 1, 2008, through December 31, 2008, and reported on activities at World Headquarters to date.
10. Vice Presidents Gary Schmidt, Pat Johnson and Michael Notaro reported on their activities since the November, 2008, meeting.
11. Senior Vice President Gary Schmidt, as Finance Officer of the Board, gave a report of his visit to World Headquarters including a review of the World Headquarters operations and the Executive Director's expenses, as required by Organization Guide V 4.
12. The Committee conducted a review of the Executive Director's performance and commended Executive Director Rex for his efforts and outstanding contributions since August 2008. The Committee also approved a compensation package for the Executive Director for the 2009-2010 year, relying upon written submissions, including comparative salary data, as well as the Committee members' own observations and experiences. While the Executive Director was excused from the room, the Committee reviewed confidential advice regarding compliance with excess benefit rules under Section 4958 of the United States Internal Revenue Code, made factual findings and adopted extended resolutions as appropriate.

Item No. 5 recommended a new policy. A separate vote was taken and it was moved and carried by the required two-thirds vote that the policy be adopted with minor changes. Annual Conflict of Interest disclosure forms will be signed and collected by November 1st each year, so that the Executive Committee may review any such conflicts at its November meeting and resolve them before the end of the fiscal year in December. The other items of the Executive Committee report were also accepted and the recommendations and actions of the Committee were approved.

STRATEGIC PLANNING COMMITTEE

The report of the Strategic Planning Committee was presented by its Chairman, Immediate Past President Chris Ford and covered the following:

The Board re-examined the guiding principles of the governance reshaping project, and presented a refined vision of the structural changes under consideration. These changes can be summarized as follows:

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Bylaws (to be voted on by delegates, August, 2009):

- A new regional map, with 14 regions/14 directors
- International Leadership Committee (ILC) replaces International Nominating Committee

Policy (to be further developed pending August, 2009, vote on Bylaws):

- 14 region advisors marketing
- No regional conferences
- District officer training face-to-face at Convention and midyear (TI pays travel for both)
- E-learning year-round for district officers
- Semifinal speech contests at the Convention

It was moved and carried that the report of the Strategic Planning Committee be accepted and the recommendations and actions of the Committee be approved.

DISTRICT ADMINISTRATION COMMITTEE (DA)

The report of the District Administration Committee was presented by Chairman, Senior Vice President Gary Schmidt, and covered the following:

1. District 51 Reformation

The Committee recommended approval of the District 51 Reformation plan with an official district split effective July 1, 2010. The district will elect two lt. governors education and training, two lt. governors marketing and one district governor for the 2009-2010 program year in order to support the transition year.

2. Boundary Change between Districts 62 & 86

The Committee recommended approval of the proposed boundary changes between District 62 and District 86 currently affecting four clubs impacted by the U.S./Canada border. Effective July 1, 2009, the area surrounding Sarnia, Ontario, lying west of a north-south line drawn through Grand Bend and New Glasgow and excluding the counties of Essex and Kent will be removed from the District 62 boundaries and the regional municipalities of Huron will be removed and Lambton added to the province of Ontario and become part of the District 86 boundaries.

3. The Relationship between Region Advisors Marketing and WHQ

The Committee discussed the support relationship between WHQ and Region Advisors Marketing and further defined the relationship in the Region Advisor Marketing Guide. The Committee discussed how a region advisor marketing and/or district would request a visit from a region advisor marketing and deferred to WHQ to define a formal process of request. The Committee also discussed the district visit schedule between region advisors, international directors and international officers and recommends that the visit schedule be regularly reviewed in order to maximize region advisor support to the districts. The Committee identified the following areas

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that require new policies to support and protect the region advisor marketing role, including:

- Reimbursement of visits
- Resignation
- Vacancies
- Removal from office

The Board recommended that WHQ and legal counsel draft these new policies.

4. Review Region Advisor Marketing Guide and Define a Procedure for Managing the RA Process

The Committee reviewed the Region Advisor Marketing Guide and recommended several enhancements to clarify the guide, including but not limited to:

- Adding language to the job description that clearly illustrates how region advisors will support districts (e.g., demo team development, charter paperwork, supporting corporate visits, etc.)
- Adding a term limit to the region advisor role, a maximum of two consecutive terms of service which will ensure no individual becomes a permanent region advisor.

5. The Committee discussed the relationship between the International Leadership Committee and Region Advisor Selection Committee in the prospecting of region advisors if no qualified applicants come forward and deferred to a future committee to define the specific process. The Committee also discussed the transition period between incoming and outgoing region advisors and deferred to WHQ to define a process addressing this overlap and how the region advisors will work together to support the districts.

It was moved and carried that the report of the District Administration Committee be accepted and the recommendations and actions of the Committee be approved, understanding that Items No. 3, 4. and 5 are pending the August, 2009, delegate vote on Bylaw amendments.

MARKETING AND EDUCATION COMMITTEE (MAE)

The report of the Marketing and Education Committee was presented by Chairman, Second Vice President Pat Johnson, and covered the following:

1. The Committee recommended changes to the Speech Contest Rulebook to enable semifinal speech contests to be held at the International Convention.
 - There will be nine semi-final speech contests at the International Convention in August (beginning in 2010).
 - Contestants will be allowed to use any speech they choose through the semifinal round of the speech contest. Every finalist must present an entirely new and different speech for the International Speech Contest final.
 - Districts will provide a list of all contestants in order of ranking.

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The Committee determined the need for further consistency reviews within the Speech Contest Rulebook and Speech Contest Manual.

- A future MAE Committee will review all rulebook and manual content, in order to simplify language and clarify meaning.

2. The Committee reviewed the job description and training needs of the Region Advisor Marketing. Some key components of the RA training will include:
 - Club building
 - Membership Building, including Toastmasters' membership contests
 - Speechcraft
 - Successful Club Series, Better Speaker Series and Leadership Excellence Series
 - Membership and retention teams
 - Effective corporate visits

The RA will help districts with marketing needs by:

- Studying the district self-assessment in May
- Based on the results of that study, assist in preparing a strategic plan for each district to deal with club building, membership growth and retention. The RA Marketing will work with the LGMs to ensure the plan is being implemented
- Utilizing the District Assistance Program where applicable

The proposed training calendar consists of:

- Face-to-face training at:
 - Midyear
 - International Convention
- Ongoing training throughout the year via e-learning

RAs Marketing will visit districts as approved by the International President at:

- TLI
- District Executive Committee meetings
- District conferences
- Corporate visits

It was moved and carried that the report of the Marketing and Education Committee be accepted and the recommendations and actions of the Committee be approved, pending the August, 2009, delegate vote on Bylaw amendments.

GOVERNANCE AND POLICY COMMITTEE (GAP)

The report of the Governance and Policy Committee was presented by Chairman, Third Vice President Michael Notaro, and covered the following:

1. The Committee finalized the proposed amendments to the Bylaws of Toastmasters International pertaining to governance reshaping. Proposal A, Global Representation and Support, will be presented to the delegates at the 2009 Annual Business Meeting in Mashantucket, Connecticut.

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Complete information on the proposal will be included in the proxy mailing that will be mailed on March 31, 2009, to all clubs. Information will also be available on the Toastmasters Web site.

2. The Committee drafted policies and guidelines related to the International Leadership Committee (ILC). Topics addressed included:
 - Treating all candidates equitably during the selection process,
 - Training and orienting new ILC members,
 - Identifying attributes of effective leadership,
 - Providing for ongoing discussions between ILC members via an electronic forum and other methods, and
 - Developing a transition and implementation plan.

Before finalizing the policy and guidelines in August 2009, the Committee instructed the World Headquarters staff to conduct a survey of past Nominating Committee chairmen and members to learn about their experiences and identify best practices.

3. The Committee made the following changes to the Toastmasters International Credential/Proxy forms:

For the 2009 proxy: Language was added to clarify the legal effect of proxies, and the option of “abstain” was removed on the credential/proxy form as it pertains to Bylaws amendments. Having the option of abstain on the form has caused confusion in the past. Some clubs have marked “abstain” because the club had no preference or knowledge of the issue, not realizing that the club is preventing the proxyholder from casting a ballot. Having the option of “abstain” on the proxy is not a legal requirement. The final version of the credential/proxy form will be subject to review by legal counsel.

For the 2010 proxy: Subject to the approval of Proposal A at the 2009 Annual Business Meeting, international proxies will be distributed no later than May 15 each year. The proxies will contain the names of candidates for international officer and international director known at the time the notice of the Annual Business Meeting is given.

Discussion will continue at future Board meetings on:

- Identifying ways to increase the percentage of proxies executed,
- Simplifying the proxy system, and
- Exploring, with staff, the feasibility of electronic distribution of proxy forms, and collection.

Item No. 1 recommended amendments to the Bylaws of Toastmasters International. A separate vote was taken and it was moved and carried by the required two-thirds vote that the amendments to the Bylaws of Toastmasters International be submitted to the delegates at the 2009 Annual Business Meeting with the Board’s unanimous

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recommendation that the amendments be approved. It was moved and carried that the remaining items of the report of the Governance and Policy Committee be accepted and the recommendations and actions of the Committee be approved.

ADVISORY COMMITTEE OF PAST PRESIDENTS (ACPP)

The report of the Advisory Committee of Past Presidents was provided by Past International President Chris Ford and covered the following. During the August 14, 2008 meeting of the ACPP, International President Chris Ford and Executive Director Daniel Rex briefed the Committee on three topics: the Executive Director transition, governance reshaping, and WHQ update. The ACPP members expressed appreciation for the information presented and encouraged the Board of Directors to continue its good work on behalf of Toastmasters International.

REPORT OF THE NOMINATING COMMITTEE

International President Jana Barnhill gave the report of the Nominating Committee on behalf of its Chairman, Past International President Dilip Abayasekara, who was not present at the meeting. The Committee nominated the following international officer candidates for the 2009-2010 administrative year:

For President: Gary Schmidt, DTM
For Senior Vice President: Pat Johnson DTM
For Second Vice President: Michael Notaro, DTM
For Third Vice President: Dietmar Wagenknecht, DTM
(in alphabetical order) Ralph Wallace, DTM

CLOSING MATTERS

Pursuant to Policies and Procedures VI A 8, “Board Confidentiality Policy,” items contained in the minutes of this meeting were classified as “unrestricted” upon distribution of the minutes by World Headquarters, not to include any personnel or disciplinary matters marked “restricted”. The results of the Board meeting described in the Board Briefing, written and orally presented in open session on February 14, 2009, were classified “unrestricted.”

President Barnhill announced that the next meeting of the Board of Directors will be held on August 12-15, 2009, at MGM at Foxwoods, Mashantucket, Connecticut. President Barnhill adjourned the meeting at 3:30 p.m., February 14, 2009.

Respectfully submitted,

Cindy L. Mount

Cindy L. Mount
Secretary-Treasurer

Distribution: Board of Directors
Nonprofit Legal Counsel
World Headquarters Staff
Past International Presidents
Past International Directors
District Governors

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VI A 23

Toastmasters International ***POLICIES AND PROCEDURES***

Origin Date: February 14, 2009

CONFLICT OF INTEREST

Purpose

This conflict of interest policy is designed to foster public confidence in the integrity of Toastmasters International (“TI”) and to protect TI’s interest when it is contemplating entering a transaction (defined below) that might benefit the private interest of a director, a corporate officer, the top management or top financial official, a key employee (defined in attached Acknowledgment and Financial Interest Disclosure Statement), a person with substantial influence over TI, or other interested person.

Definitions

For purposes of this policy, certain terms (in *italics*) shall be defined as follows:

Insider means a person with substantial influence over TI. The following four categories of persons are deemed to have substantial influence over TI, and therefore are considered “insiders” for the purposes of this policy:

1. Each member of the Board of Directors or other governing body.
2. The president, chief executive officer, chief operating officer, treasurer and chief financial officer, executive director, or any person with the responsibilities of any of these positions (whether or not the person is an officer of TI under TI’s Bylaws and the California Corporations Code).
3. Any other person whom the Board, based on the facts and circumstances, determines to have substantial influence over TI. Such persons may include a founder of or a substantial contributor to TI, a person with managerial authority over TI, or a person with control over a significant portion of TI’s budget (such as a key employee).
4. Any person who met any of the above definitions at any time during the five years before the proposed transaction.

Interested person means any person described in any of the four categories above or in either of the two categories below.

5. Spouses, ancestors, children, grandchildren, great-grandchildren, brothers, sisters, and the spouses of their children, grandchildren, great-grandchildren, brothers, and sisters of any individual listed in categories 1 – 4 above.

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6. Any entity in which any combination of persons listed above in categories 1 – 5 owns more than 35 percent of the combined voting power, if the entity is a corporation; profits interests, if a partnership; or beneficial interest, if a trust or estate.

Interest refers only to those financial commitments, investments, obligations, economic benefits, or other relationships between an interested person and TI that are subject to Internal Revenue Code Section 4958, California Corporations Code Sections 5233-5236, or any other applicable federal, state, or local law or regulation governing conflicts of interest or fiduciary duties that requires any action by TI.

Person means any individual or entity, including a trust, estate, partnership, association, company or corporation.

Transaction means any transaction, agreement or arrangement between an interested person and TI, or between TI and any third party where an interested person has an interest in the transaction or any party to it. Transactions specifically identified as presenting no conflict of interest by applicable law, or under a corporate policy adopted by the Board of Directors to govern certain similar transactions and impartially administered, are excepted from the term transaction for purposes of this policy. Nothing in this policy permits TI to engage in a transaction prohibited by law.

Procedures

1. Duty to Disclose

Each interested person shall disclose to the Board, or to the Executive Committee or other Board Committee empowered to approve a specific transaction or type of transaction, in either case, (“Committee”), all material facts regarding his, her, or its interest (including relevant affiliations) in the transaction. The interested person shall make that disclosure promptly upon learning of the proposed transaction. Insiders shall make disclosures on behalf of interested persons related to them unless the related interested person does so. (Committee powers and procedures depend on state corporate law and the authority properly delegated to the Committee by the Board.)

2. Determining Whether a Conflict of Interest Exists

With regard to an interested person, the Board or Committee shall determine if a conflict of interest exists. The insider(s) and any other interested person(s) involved with the transaction shall not be present during the Board or Committee’s discussion or determination of whether a conflict of interest exists, except as provided in Article IV below.

3. Procedures for Addressing a Conflict of Interest

The Board or Committee shall follow the procedures set forth in Article IV in order to decide what measures are needed to protect TI’s interests in light of the nature and seriousness of the conflict, to decide whether to enter into the transaction and, if so, to ensure that the terms of the transaction are appropriate. In the case of an insider who is a director, the director shall not vote on any transaction in which the director has an interest, and the remaining Board or Committee members shall decide the matter.

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Review by the Board or Committee

Board or Committee may ask questions of and receive presentation(s) from the insider(s) and any other interested person(s), but shall deliberate and vote on the transaction in their absence. The Board or Committee shall ascertain that all material facts regarding the transaction and the interested person's conflict of interest have been disclosed to the Board or Committee, and shall compile appropriate data to ascertain whether the proposed transaction is fair and reasonable to TI.

After exercising due diligence, which may include investigating alternatives that present no conflict, the Board or Committee shall determine whether the transaction is in TI's best interest, for its own benefit, and whether it is fair and reasonable to TI; the majority of disinterested members of the Board or Committee then in office may approve the transaction. Decisions regarding a director with a material financial interest in a transaction may be made initially by a Committee where it is not reasonably practicable to obtain advance Board approval, but must be ratified by the Board at the Board's next meeting. If the transaction does not involve a director with a material financial interest, the transaction can be approved by the Board or Committee by majority vote of those present at a meeting for which quorum requirements have been met.

Records of Proceedings

The minutes of any meeting of the Board and any Committee pursuant to this policy shall contain the name of each interested person who disclosed or was otherwise determined to have an interest in a transaction; the nature of the interest and whether it was determined to constitute a conflict of interest; any alternative transactions considered; the members of the Board or Committee who were present during the debate on the transaction, those who voted on it, and to what extent interested persons were excluded from the deliberations; any comparability data or other information obtained and relied upon by the Board or Committee and how the information was obtained; and the result of the vote, including, if applicable, the terms of the transaction that was approved and the date it was approved.

The records must be prepared by the later of the next meeting of the Board or Committee or 60 days after the final action of the Board or Committee with respect to the transaction, and must be approved by the Board or Committee within a reasonable time afterwards.

Annual Disclosure and Compliance Statements

Each director, each corporate officer, the top management official, the top financial official, and each key employee of TI, and others that TI may identify, shall annually sign a statement, that:

- affirms that the person has received a copy of this conflict of interest policy, has read and understood the policy, and has agreed to comply with the policy; and
- discloses the person's financial interests and family relationships that could give rise to conflicts of interest,

in the form attached to this policy. All such statements by directors and officers shall be

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filed with the minutes of the meetings of the Board or Committee; statements by others shall be retained in their personnel files.

Past Transactions; Violations

If the Board has reasonable cause to believe that an insider of TI has failed to disclose actual or possible conflicts of interest, including those arising from a transaction with a related interested person, it shall inform such insider of the basis for this belief and afford the insider an opportunity to explain the alleged failure to disclose. If, after hearing the insider's response and making further investigation as warranted by the circumstances, the Board or Committee determines that the insider has failed to disclose an actual or possible conflict of interest, the Board or Committee shall take appropriate disciplinary and corrective action.

In situations where a transaction involving a conflict of interest is discovered after it has already occurred or begun (because, for example, the interest was inadvertently not disclosed prior to the transaction, or TI's leadership did not realize that a review was necessary or advantageous), the Board or Committee shall conduct a review as described above in Article IV, and determine whether disciplinary or corrective action is possible or warranted. In appropriate cases, the Board or Committee may determine, upon completion of the review, that ratification of the transaction is in TI's best interest, for its own benefit, and is fair and reasonable to TI.

Annual Reviews

To ensure that TI operates in a manner consistent with its charitable purposes and its status as an organization exempt from federal income tax, the Board shall authorize and oversee an annual review of the administration of this conflict of interest policy. The review may be written or oral. The review shall consider the level of compliance with the policy, the continuing suitability of the policy, and whether the policy should be modified, improved and updated.