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Dubai/Norway/Italy 03 December 2012

To: John Grubbstrøm, President FAI

cc: FAI Executive Board; IPC Bureau

From: FAI---IPC Task Force, consisting of

- Graeme Windsor, IPC
- Alvaro de Orleans Borbón, EB
- Otto Lagarhus, EB
- Niels-Christian Levin Hansen, IPC

FAI-IPC Task Force Report


Background

The Task Force had been given the following tasks:

- Agree on a modus operandi for IPETA under the FAI umbrella, which may or may not include FAME (priority task).
- Identify a path to greater self-governance and autonomy for the ASCs, achieving an ASC status conducive to operating its own commercial entities (if desired), but under the supervision and umbrella of the FAI.

The task Force has received the following work instructions:

- The working group shall produce a set of recommendations to the FAI EB and the IPC management.
- The work shall be completed by 30 December 2012, and the report forwarded to the FAI President latest at that date.
- The FAI President shall be responsible for the implementation of the recommendations, which shall be carried out without delay.

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The Task Force Working Sessions

The FAI-IPC Task Force met on 01 December 2012, holding two separate meetings that day. The meetings were preceded by various exchanges of e-mail and development of supporting documentation. Method of meeting was videoconference (GoToMeeting).

The meetings were conducted in a positive and congenial atmosphere, with a common objective of reaching accommodation acceptable to both parties.


As a result, two separate (stand-alone) sets of recommendations have been developed, as follows:

1. The priority item covering relationship between FAI/FAME and IPC/IPETA.
2. A more general recommendation regarding the role of an ASC in FAI in order to improve the development of its air sport and its commercial potential.

The FAI-IPC Task Force – Recommendations

1. Provisions regarding the relationship of FAME and IPETA

- IPETA, which has already been established, will be retained as a separate company based in UK, but at a later stage will not unreasonably withhold consent to migrate to a different jurisdiction if objective recommendations to do so are proposed.
- IPETA shares will be transferred to FAME and/or FAI ownership, subject to the agreement that IPETA for all practical purposes will have autonomy and freedom to operate. IPC will for all practical purposes exercise the rights as owner. This includes:
 - The IPC Bureau – on behalf of FAME/FAI – exercises the shareholders voting rights at IPETA's Annual General Meeting, including appointment of the majority of the directors. The shareholder/s will be invited to attend the IPETA AGM with speaking rights.
 - IPETA will provide accounts prepared in accordance with applicable company law requirements to the IPETA AGM. Additional requirement for general transparency and control can be established between FAME/FAI as the formal shareholder and IPETA as a shareholder owned company but must not restrict operational freedom of IPETA.
 - Any dividend from IPETA will be paid to the shareholders on the understanding that FAI's share will be passed on to FAI to be deposited in the IPC account at FAI in full, except in mutual agreed exceptional cases.

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Statutory Interpretation regarding the relationship of FAI Executive Board and IPC on the subject of IPETA.

IPC will have the maximum autonomy and freedom to explore the commercial aspects of parachuting through IPETA. This includes:

- Exercising the voting rights given to IPC by IPETA's shareholder, as stipulated above, including appointment of the majority of directors.
- IPC, through FAI, can enter into a contractual relationship with IPETA to develop parachuting commercially, subject to FAI advice and oversight. The best legal way for FAI EB to delegate this right has to be developed.
- IPC funds, subject to normal approval of the IPC Plenary, can be utilized to pursue development of IPETA.
- A key issue is securing the intellectual property and media rights of parachuting as an air sport. This has to remain within IPC/FAI.

2. Provisions regarding greater self-governance and autonomy for ASCs in general

- Both parties agree that a significant autonomy for ASCs to pursue the strategies and actions relevant for each air sports are needed. Mutual understanding and discussion of this should continue and include considerations given in IPC discussion paper attached.
- Involvement of other ASCs in development a new modus governing relationship between ASCs and FAI EB is to be considered.
- The aim must be to complete this work before the FAI General Conference 2013.

We recommend that the below listed documents used/developed by the Task Force be made available to the person(s) tasked with further work in this area.

- Discussion Paper on Revision of IPC Strategic Plan (07 October 2012)
- TF discussion paper 1: ASCs and FAI/FAME (29 November 2012)

Note:

It was agreed that the proposed relationship between ASCs and FAME outlined in TF Discussion Paper 1 would not apply for the relationship between IPETA and FAI/FAME.

03 December 2012

On behalf of FAI-IPC Task Force
(approved by e-mail by all)

Otto Lagarhus
(sign)