



## AUDIT & RISK MANAGEMENT COMMITTEE

### TERMS OF REFERENCE (“TOR”)

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#### 1. PURPOSE

The Audit and Risk Management Committee (“**Committee**”) is a Standing Committee that reports to the Board of Directors (the “**Board**”) of the Royal Canadian Golf Association (operating as Golf Canada), hereinafter referred to as “**Golf Canada**”. This TOR has been prepared with reference to the Canadian Sport Governance Code (the “**Code**”).

The purpose of the Committee is to assist the Board in fulfilling its oversight responsibilities relating to:

- the adequacy of Golf Canada’s internal accounting controls and procedures,
- the integrity of Golf Canada’s accounting systems, preparation of financial statements and reporting procedures,
- the compliance by Golf Canada with legal and regulatory requirements in respect of financial disclosure,
- the assessment, monitoring and management of the strategic, operational, reporting and compliance risks of Golf Canada’s business,
- the assessment of strategic projects, funding required and proposed financing,
- the quality and integrity of Golf Canada’s consolidated quarterly and annual financial statements, and
- the qualification, independence and performance of Golf Canada’s independent auditor.

#### 2. COMMITTEE COMPOSITION

2.1 The Committee shall be composed of the Chair of the Committee (designated by the President) and 5 to 8 additional members, who shall be recommended by the Officers and Chief Executive Officer (“**CEO**”) in consultation with the Chair and Staff Representative and approved by the Board. The Committee shall include at least two Board Directors (individually, a “**Director**”) of which at least one is an independent Director, as defined by the Code. The Chair shall be a Director.

2.2 Committee members shall possess appropriate expertise or experience in the areas of the Committee’s responsibility (financial, legal or risk management) and should reflect the diversity commitment and goals of Golf Canada as outlined in the [Equity, Diversity and Inclusion Policy](#).

2.3 The Chair of the Committee who shall be a Director. The Chair may serve a maximum of four one-year terms as determined by the Board. For resolutions that require a vote, the Chair shall have a vote but will not have a second vote in the event of a tie.

2.4 The CEO shall designate one or more employees of Golf Canada to serve as a staff representative (individually and collectively, the “**Staff Representative**”) to provide support to the Committee.

2.5 Appointment to the Committee:

- Members shall be appointed to the Committee within 30 days of each Annual General Meeting and shall serve terms of one year. Appointments are annual, but members normally serve a minimum of three one-year terms, with a view to ensuring the Committee has appropriate continuity on a year over year basis to perform its duties.
- Should a vacancy occur on the Committee, for whatever reason, the Board may appoint a qualified person to fill that vacancy for the remainder of the vacant position’s term. The Board may remove or add any member of the Committee.

### 3. KEY DUTIES OF CHAIR

In fulfilling their role, the Chair shall:

- work with the Chief Operating Officer (“**COO**”) to establish the annual Work Plan for the Committee to be approved by the President and CEO at the beginning of each fiscal year,
- work with Committee Members and the Staff Representative to plan meetings,
- support Committee members between meetings to complete tasks,
- provide the annual Golf Canada budget as recommended by the Committee for approval by the Board,
- provide the Board with reports on whistleblower activity (where possible to do so without compromising the investigation) within a reasonable time frame from receipt of complaint, and
- provide regular written reports to the Board as required.

### 4. KEY DUTIES AND RESPONSIBILITIES OF THE COMMITTEE

#### 4.1 Independent Auditor

The Committee shall:

- recommend the appointment and the compensation of, and, if appropriate, the termination of the independent auditor, subject to such Board approval as is required under applicable legislation,
- obtain confirmation from the independent auditor that it ultimately is accountable, and will report directly, to the Committee and Board,
- oversee the work of the independent auditor, including the resolution of any disagreements between senior management and the independent auditor regarding financial reporting,
- pre-approve all audit and non-audit services (including any internal control-related services) provided by the independent auditor,

- adopt such policies and procedures as it determines appropriate for the pre-approval of the retention of the independent auditor by Golf Canada for any audit or non-audit services, including procedures for the delegation of authority to provide such approval to one or more members of the Committee,
- provide notice to the independent auditor and minutes of each meeting of the Committee,
- review expense reports with the independent auditor, the Chair of the Board and the CEO,
- review the Written Certificate in substantially the form as required by the Code signed by the CEO and COO and delivered quarterly, and
- review quarterly reports from senior management on tax advisory services provided by accounting firms other than the independent auditor if any.

## **4.2 The Audit and Financial Statements**

The Committee shall meet with senior management and/or the independent auditor to review and discuss:

- the planning and staffing of the audit by the independent auditor,
- any significant financial reporting issues and judgments made in connection with the preparation of Golf Canada's financial statements, including any significant changes in the selection or application of accounting principles, any major issues regarding auditing principles and practices, and the adequacy of internal controls that could significantly affect Golf Canada's financial statements,
- all critical accounting policies and practices used,
- the effect of any new regulatory and accounting pronouncements, and
- the adequacy of Golf Canada's internal accounting controls and management information systems and its financial, auditing and accounting organizations and personnel (including any fraud involving an individual with a significant role in internal controls or management information systems) and any special steps adopted in light of any material control deficiencies,
- the quality, as well as the acceptability of the accounting principles that have been applied,
- any problems or difficulties the independent auditor may have encountered during the provision of its audit services, including any restrictions on the scope of activities or access to requested information and any significant disagreements with senior management, any management letter provided by the independent auditor or other material communication to senior management and Golf Canada's response to that letter or communication, and
- any changes to Golf Canada's significant auditing and accounting principles and practices suggested by the independent auditor or other members of senior management,
- Golf Canada's consolidated quarterly and annual financial statements and related documents,
- the disclosure of financial information extracted or derived from Golf Canada's financial statements,

- with the independent auditor:
  - the quality, as well as the acceptability of the accounting principles that have been applied,
  - any problems or difficulties the independent auditor may have encountered during the provision of its audit services, including any restrictions on the scope of activities or access to requested information and any significant disagreements with senior management, any management letter provided by the independent auditor or other material communication to senior management and Golf Canada's response to that letter or communication, and
  - any changes to Golf Canada's significant auditing and accounting principles and practices suggested.

### **4.3 Risk Management**

The Committee shall:

- annually review Golf Canada's Risk Management Policy that sets out the risk philosophy of Golf Canada and the expectations and accountabilities for identifying, assessing, monitoring and managing risks that are developed and are to be implemented by senior management,
- meet with senior management to review and discuss senior management's timely identification of the most significant risks,
- recommend to the Board for approval policies (and changes thereto) setting out the framework within which each identified risk of Golf Canada shall be managed,
- review with senior management Golf Canada's tolerance for financial risk and senior management's assessment of the significant financial risks facing Golf Canada,
- review policies and compliance therewith that require significant actual or potential liabilities, contingent or otherwise, to be reported to the Board in a timely fashion, and
- review the adequacy of the insurance coverages maintained by Golf Canada.

### **4.4 Compliance**

The Committee shall:

- review with senior management and the independent auditor any correspondence with regulators or governmental agencies and any employee complaints or published reports, which raise material issues regarding Golf Canada's financial statements or accounting policies,
- review senior management's written representations to the independent auditor,
- advise the Board with respect to Golf Canada's policies and procedures regarding compliance with the Not-for-Profit Corporations Act, applicable laws, regulations and the Code and Act, and establish procedures for:
  - the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or other auditing matters, and

- the confidential, anonymous submission by employees of Golf Canada with concerns regarding any accounting or auditing matters.

#### **4.5 Delegation**

To avoid any confusion, the Committee responsibilities identified above are the sole responsibility of the Committee and may not be allocated by the Board to a different committee without revisions to this TOR.

### **5. RESPONSIBILITIES OF COMMITTEE MEMBERS**

5.1 The primary responsibility of Committee members is to act honestly and in good faith and to exercise their business judgment in what they reasonably believe to be the best interests of Golf Canada. In addition to the foregoing, the following are specific expectations of Committee members to promote the discharge by the Committee members of their responsibilities and to promote the proper conduct of the Committee.

- *Prepare for Meetings.* Committee members are expected to diligently prepare for each meeting, including by reviewing all materials circulated in advance of each meeting and should arrive prepared to discuss the issues presented. Committee members are encouraged to contact the Chair of the Committee, to ask questions and discuss agenda items prior to meetings.
- *Attend at Meetings.* Committee members are expected to maintain a high attendance record at meetings of the Committee. Attendance by telephone or video conference may be used to facilitate a committee member's attendance.
- *Participate in Meetings.* Committee members are expected to be active and effective participants in the deliberations of the Committee by participating fully and frankly in Committee discussions and encouraging free and open discussion of the affairs of Golf Canada.
- *Continuing Education.* Committee members are expected to pursue continuing education opportunities to maintain and enhance their abilities as members of the Committee and ensure that their knowledge of the matters for which the Committee is responsible remains current.

### **6. ACCESS TO MANAGEMENT AND INDEPENDENT ADVISORS**

6.1 Committee members shall not liaise with management other than the CEO or COO or assume any operational responsibilities.

6.2 The Committee, with the approval of the Board by resolution, has the authority to retain, set the terms of and compensate independent legal, financial or other advisors, consultants or experts, at Golf Canada's expense, that it determines necessary to assist it in carrying out its duties.

6.3 The Committee may conduct any investigation appropriate to its responsibilities and request any officer or other employee of Golf Canada, or any outside advisor, to attend a meeting of the Committee or to meet with any members of, or advisors to, the Committee.

## **7. MEETINGS AND RESOURCES**

The Committee may meet by telephone, electronic platform, or in person, at least quarterly and as required. Meetings will be scheduled by the Chair. The Committee shall receive the necessary resources from Golf Canada to fulfill its mandate and shall have a Staff Representative assigned to assist the Committee with its work.

### **7.1 Scheduling**

Committee meetings are scheduled in advance at appropriate intervals throughout the year. Additional meetings may be called upon proper notice at any time to address specific needs of Golf Canada. The Committee may also take action from time to time by unanimous written consent. A Committee meeting may be called by the Chair, the COO or any two Committee members.

### **7.2 Notice**

Notice of the time and place of each meeting of the Committee must be given to each Committee member either by personal delivery, electronic mail, facsimile or other electronic means not less than 48 hours before the time of the meeting. Committee meetings may be held at any time without notice if all of the Committee members have waived or are deemed to have waived notice of the meeting. A Committee member participating in a Committee meeting is deemed to have waived notice of the meeting.

### **7.3 Agenda**

The Chair shall establish the agenda for each Committee meeting in consultation with the President and the COO. The agenda will be distributed to Committee members in advance of each Committee meeting to allow Committee members sufficient time to review and consider the matters to be discussed. Each Committee member is free to request the inclusion of other agenda items, request the presence of, or a report by, any member of senior management and/or request the consideration of matters that are not on the agenda for that meeting, although voting on matters so raised may be deferred to another meeting to permit proper preparation for a vote on an unscheduled matter.

### **7.4 In-Camera Sessions**

Committee members will meet separately at every Committee meeting without management present. The Chair will inform the COO of the substance of these meetings to the extent that action is required by management.

### **7.5 Distribution of Information**

Information and data that are important to the Committee's understanding of the business to be conducted at a Committee meeting will normally be distributed to the Committee members reasonably in advance of the meeting or as soon as practicable provided that the materials for a meeting must be delivered to all Committee members not later than the Friday before that meeting (for meetings on Saturday or Sunday, the materials must be delivered to all Committee members no later than the second Friday before the meeting).

### **7.6 Attendance**

A Committee member who is unable to attend a Committee meeting in person may participate by telephone or teleconference. [All Directors are welcome to attend meetings of the Committee.]

Committee member cannot appoint a proxy or a delegate to attend a meeting in the Committee member's place.

### **7.7 Quorum**

A quorum for any Committee meeting is a majority of Committee members.

### **7.8 Voting and Approval**

Each Committee member is entitled to one vote, and questions are decided by a majority of votes. In the case of an equality of votes, the Chair of the meeting does not have a second vote. The powers of the Committee may also be exercised by resolution in writing and signed by all the Committee members.

### **7.9 Procedures**

Procedures for Committee meetings are determined by the Chair unless otherwise determined by the by-laws of Golf Canada or a resolution of the Committee.

### **7.10 Secretary**

The Committee shall select a person (who need not be a Committee member) to act as Secretary to the Committee. In the absence of that person, or at the election of the Committee, the Committee may appoint any other person to act as secretary of the meeting. The Secretary keeps minutes of the proceedings of the Committee and circulates copies of the minutes to each Committee member on a timely basis.

## **8. REPORTING**

The Committee reports to the Board. Minutes of all meetings shall be kept, and draft minutes and reports shall be posted to the Committee SharePoint within 15 days after each meeting and available to the President and all Committee members

## **9. PUBLICATION ON WEBSITE**

- This TOR will be posted on Golf Canada's website: [www.golfcanada.ca](http://www.golfcanada.ca)
- Golf Canada's annual financial statements will be posted on its website: [www.golfcanada.ca](http://www.golfcanada.ca) within six months of year end.

## **10. REVIEW AND APPROVAL**

The Chair shall review the TOR with other Committee members annually to ensure Committee activities are in line with the TOR. At least once every 3 years (or earlier if required) the TOR must be updated to best reflect the Committee's activities based on its assessment of Golf Canada's needs, legal and regulatory developments and applicable best practices. Recommended amendments, as appropriate, are to be submitted to the Board for approval.

This TOR was approved by the Board on [April 29, 2025] and may be reviewed and revised from time to time by the Board.