RISK MANAGEMENT POLICY

The mission of the Québec Golf Federation ('Golf Québec') is to increase participation, develop excellence, and promote and govern the game of golf.

As the provincial sports federation governing golf throughout the province and in parts of eastern Ontario, Golf Québec recognizes that there are inherent risks in all aspects of its governance, program delivery, and commercial activities.

Golf Québec is committed to managing risks efficiently in order to control its assets and liabilities, to protect its staff, members, and volunteers, as well as stakeholders in the golfing industry and participants in its activities, against potential losses, and also to mitigate uncertainties regarding the achievement of its strategic objectives and maximize its chances of fulfilling its mission.

Purpose

1. The purpose of this policy is to provide a framework for how to approach and monitor risk management within Golf Québec. In general, Golf Québec regards risk management as a holistic approach aimed at improving organizational performance. This policy also has other objectives, namely:

    - To promote a better understanding of risk management as having a broader purpose, going beyond the mere prevention of legal action, damage to reputation, and financial losses.
    - To provide guidance to staff, participants, volunteers, and members.
    - In the longer term, contribute to the further development of a "risk management culture" within Golf Québec.

2. Successful risk management provides our organization with the following benefits:

    - It prevents or minimizes the risk of injury or loss to members, volunteers, participants, and staff.
    - Helps to protect Golf Québec and its members against legal disputes.
    - Ensures that Golf Québec complies with all applicable laws, regulations, and standards.
    - Improves the programs and services that Golf Québec offers to its members, volunteers, participants, staff, partners, and sponsors.
    - Helps to improve business as well as human resources management practices.
    - Enhances Golf Québec's brand, reputation and image within the community.
    - Protects Golf Québec's financial resources and ensures its long-term financial stability to support Golf Québec's mission, objectives, and values.

7665, boulevard Lacordaire, 3e étage
Montréal QC H1S 2A7
514 252-3345
golfquebec@golfquebec.org
www.golfquebec.org

Scope and Authority

3. The Board of Directors ("Board") of Golf Québec has ultimate responsibility for identifying, assessing, and managing risks for the organization. The Finance and Audit Committee's mandate is to assist the Board in fulfilling its oversight responsibilities in relation to risk management.

   The Board has appointed the Executive Director as the risk manager for Golf Québec and, in this capacity, in conjunction with the Finance and Audit Committee, the Executive Director is responsible for implementing, maintaining, and communicating this policy.

   This policy applies to all activities undertaken by Golf Québec. Where Golf Québec exercises its authority over activities at a level below the provincial level, risk management measures may also be prescribed by the various regional golf associations for implementation. Regional golf associations and member clubs are encouraged to draw up similar policies to govern risk management at their level.

Policy

4. Golf Québec makes the following commitments to its members, volunteers, participants, and staff:

   - All activities and events organized by Golf Québec will be analyzed from a risk management perspective.
   - Systematic and explicit measures will be taken to identify, assess, manage, and communicate the risks facing Golf Québec.
   - Risk appetite generally decreases as the severity of potential negative consequences increases and it increases as the potential benefits increase.
   - The organization's risk appetite will assess risks based on 1) their probability and 2) their impact and will then classify all risks as "low", "moderate", "serious", or "critical".
   - Risk management strategies shall be reasonable and reflect the standard of care appropriate in all circumstances (the standard of care being determined by written or published standards, industry practices, established case law, and common sense).

5. Golf Québec recognizes that risk management is a wide-ranging activity and a shared responsibility. All board members, senior management, staff, contractors, and volunteers have an ongoing responsibility to take appropriate measures, within the scope of their authority and responsibilities, to identify, assess, manage, and communicate risks.

The Risk Management Process

6. Risk management involves three stages: 1) identifying risks using an informed contextual analysis; 2) assessing the significance of a risk by considering its likelihood (probability) and its consequences (impact); and 3) developing and implementing solutions and control processes to address risks deemed significant by reducing their likelihood, their consequences, or both.

   One of the main roles of Golf Québec's Finance and Audit Committee is to identify and manage risks. As set out in the committee's work plan, a risk register is drawn up and maintained by staff and is reviewed, at least once a year, by the Finance and Audit Committee.

   Each year, the committee submits a summary report on the main risks to the Board for review and discussion. The detailed risk register is also made available to Board members, who may review it on request.

7. Risks may arise from several categories of Golf Québec's activities. In the sports industry, facilities, equipment, people, and programs all give rise to risks. Golf Québec has determined that the following five (5) main categories of risk will be used to identify risks:

   Business risks, i.e. risks relating to the organization's vision and mission. These comprise the following sub-categories of risk:

   - *Strategic risks:* Risks relating to a change in perception, loss of brand loyalty, loss of interest in programs and services, loss of strategic positioning, and failure to implement projects.
   - *Reputational risks:* Risks relating to image and reputation management, scandals, public opinion, damage to reputation, customer dissatisfaction, and a decline in or inconsistency in the quality of services. Risks relating to internal and external communications, information management systems, crisis and issue management, media relations, missed opportunities to promote and capitalize on positive results, intellectual property management, and social media management.

   Financial risks, i.e. risks associated with the use of financial resources. These comprise the following sub-categories of risk:

   - *Liquidity risks*: Risks relating to financial oversight and reporting, budget preparation, flexibility in the allocation of funds, the attraction and retention of sponsors, the investment and management of reserve funds, and long-term financial viability. Risks beyond the organization's direct control, such as the funding frameworks of governments and other agencies, relations with governments, sporting organizations and international federations, participation in other sporting partnerships, and decisions and requirements relating to hosting events.

- *Credit risks*: Risks associated with the failure to repay a loan by the scheduled due dates.
- *Market risks*: Risks associated with losses arising from factors affecting the overall performance of financial markets, and unexpected increases in operating costs.

Operational risks, i.e. risks associated with activities arising from the efficient use of human, material, and technological resources. Risks associated with key programs in the areas of coach, official, and athlete development; human resources management, including staff and volunteers; the organization's ability to meet the expectations of participants and stakeholders; the management of events and competitions; the need to remain useful and relevant to our members; and the physical risks inherent in our sport. These comprise the following subgroups of risks:

- *People-related risks*: Risks associated with staff management (recruitment, hiring, succession planning, retention, departure, misconduct, discipline).
- *Process risks*: Risks associated with the use of up-to-date and appropriate technological tools, considering the nature of the organization's activities and the costs of these technological tools.
- *System risks:* Risks associated with hacking, the loss or theft of important, personal or confidential data, phishing, malware, connectivity, and remote working, the resignation of staff or volunteers resulting in loss of access to records or theft of information, and the regular changing of passwords.
- *Information risks*: Risks relating to the protection of privacy and confidential information, and to the loss, theft or unauthorized sharing of information.
- *Extreme risks*: Risks associated with an event that is unlikely to occur, but whose potential consequences would be very serious, or even disastrous, for an organization or a community (natural disasters, technological, health or social risks).

Compliance risks, i.e. risks relating to compliance with the laws, regulations, agreements, and policies governing the organization's activities. These comprise the following sub-categories of risk:

- *Legal risks:* Risks arising from our failure to comply with existing laws and regulations governing employment, confidentiality, data protection, anti-spam, health and safety at work, new company law, tenants' legal liabilities, trademarks and intellectual property, anti-doping standards, the Québec Government's standards on funding and accountability, and compliance with contractual obligations.
- *Governance risks*: Risks relating to the clarity of roles and responsibilities, decision-making and oversight, organizational structure and performance, the

management of disputes and conflicts of interest, diversity and succession planning within the board, staff, volunteers, and committees, and knowledge retention and transfer.

Risks of fraud, i.e. any intentional act or omission intended to deceive another person, and which results in a loss to the victim or a gain for the fraudster.

8. All the risks faced by Golf Québec can be addressed by implementing one or more of the following four general strategies:

- *Accepting the risk* – No action is taken because the probability and consequences are low. It may also be that the risk is inherent in the sporting activity itself and can, therefore, be accepted as such.
- *Mitigating risk* – Measures are taken to reduce the likelihood of a risk or its potential consequences, through initiatives such as improving planning, policies, organization, implementation, supervision, monitoring or training.
- *Transferring risk* – The level of risk is accepted, but it is transferred in part or in full to others through insurance, liability waiver agreements or other business contracts.
- *Eliminating risk* – To eliminate risk, the activity giving rise to it is avoided. In other words, a decision is simply made not to do something, to cancel an activity or to discontinue an initiative of some kind.

9. The general strategies mentioned above translate into a variety of risk control measures which, at Golf Québec, may include, amongst others:

- Policy development.
- Establishment of an internal control framework.
- Business continuity planning, including plans for responding to critical incidents.
- Monitoring compliance.
- Effective communication and consultation with professional services firms and stakeholders.
- Education, training, professional development, and specialist training.
- Identifying and defining a set of core organizational values and communicating these throughout the organization and across the sport.
- Compliance by key staff and managers with a mandatory minimum level of qualifications or certifications.
- Use of robust and legally binding contracts (codes of conduct, agreements with athletes and coaches, employment contracts, subcontracts, and partnership agreements).
- Improving the clarity of roles with written job descriptions and committee charters.
- Supervising and monitoring staff, volunteers, participants, and activities.
- Establishing and communicating procedures for dealing with problems, complaints, and disputes.
- Implementation of schedules for the regular inspection, maintenance, repair, and

replacement of equipment.

- Preparation of procedures and protocols for emergency response and critical incidents.
- Use of warnings, signage, participation agreements, and liability waiver agreements where appropriate.
- Taking out adequate insurance cover for all activities and regularly reviewing these policies.

Reports and communications

10. As mentioned above, although the Board has ultimate responsibility for risk management, one of the main roles of Golf Québec's Finance and Audit Committee is to identify and manage risks. The Finance and Audit Committee meets at least once a quarter and reports to the Board on the risks identified.

    A risk register is prepared and maintained by staff and is then reviewed by the Finance and Audit Committee, which produces a summary report and submits it to the Board at least once a year. Staff use several tools to report on risk management strategies to the Finance and Audit Committee (and to the Board where appropriate). These tools include, amongst others:

    - A detailed risk register.
    - A regulatory compliance checklist.
    - A register of contracts.
    - An internal control framework.

11. Golf Québec recognizes that communication and consultation are essential elements of risk management. This policy will be communicated to all staff, committees, volunteers, participants, members, stakeholders, and regional golf associations. They will all be encouraged to raise any questions or concerns they may have regarding risk management with Golf Québec.

Insurance

12. Golf Québec maintains a comprehensive insurance program which includes, amongst other things, general civil liability cover. At the time of the annual renewal of this policy, Golf Québec consults with its insurer to determine whether there are any gaps, issues or emerging concerns that need to be addressed as part of the renewal of the insurance.

13. Not all risks are insurable. However, as part of its commitment to risk management, Golf Québec will take all reasonable steps to ensure that insurance cover is in place for activities that are essential to Golf Québec's mission, which present risks and which can be insured.