

CANADIAN SPORT GOVERNANCE CODE

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Application:

This Canadian Sports Governance Code (the “**Code**”) will apply to all National Sports Organizations representing Sports on the Olympic Program (“**NSOs**”). All other National Sports Organizations are encouraged to adopt the best practices which are set out in the Code.

NSOs that have four or fewer full time employees are referred to in the Code as “**Partially Exempted NSOs**”. The Code sets out in italics certain provisions of the Code where a Partially Exempted NSO has the option to adhere to an alternative standard although Partially Exempted NSOs are encouraged to comply fully with all of the provisions of the Code.

Purpose:

The purpose of the Code is to improve organizational performance by upgrading governance practices through the adoption of revisions to by-laws and other structural mechanisms.

The Code will:

- (i) Establish independent, transparent and accountable governance.
- (ii) Improve governance practices which will enhance board performance and result in improved organizational performance.
- (iii) Facilitate attracting qualified individuals to serve on the NSOs’ boards.
- (iv) Articulate best practices to be met, thereby providing an objective standard that funding sources and other

stakeholders can measure against. It is anticipated that public and private funders wishing to protect and maximize their investment in sport will expect that any NSO who seeks funding will be required to confirm it is in compliance with the Code.

How the purpose is achieved:

1. Board members will be provided initial and ongoing educational opportunities so that they understand what good governance means and why it is fundamental to optimal organizational performance.
2. Board membership is to be competency-based and boards should perform policy-making and risk assessment functions (and conversely, not assume operational roles) with appropriate independence from management.
3. Structural mechanisms must be established that foster good governance.

The provisions of the Code are as follows.

A. Formation

All NSOs shall be governed by the *Canada Not-for-profit Corporations Act* (the “**Act**”).

B. Boards

1. Best practice is that Boards have an odd number of directors immediately following each election of directors by the members and be functional in size with a minimum of five board members and a maximum of fifteen board members. It is expected that a typical board would have seven to eleven members.
2. As required by the Act, each director must at all times act honestly and in good faith with a view to the best interests of the NSO. At least 40% of the directors shall be Independent. If the application of a percentage of directors in this Code does not result in a whole number, then the result should be rounded up or down to the nearest whole number. “Independent” means that a director has no fiduciary obligation to any body for the subject sport at the national or provincial level, receives no direct or indirect material benefit from any such party, and is free of any conflict of interest of a financial, personal or representational nature. Whether a director or prospective director is Independent shall be determined by the nominating committee. A person who would not be considered Independent will be considered to be Independent once he or she resigns from or terminates the circumstance that gives rise to the non-independence.
3. No member of the NSO’s management or executive team shall be a board member. No board member of an NSO shall become the CEO or interim CEO of that NSO during his or her term as a director and for 12 months thereafter.

If a Partially Exempted NSO has appointed an Executive Director rather than a CEO in accordance with B.12, the Executive Director can be a board member. A board member of a Partially Exempted NSO may become the interim Executive Director for a maximum period of three months (and retain his or her board position provided that while that person serves as the Executive Director he or she shall not vote as a director) but must cease to be either a director or interim Executive Director by the end of that three month period.

4. Each NSO shall adopt a board mandate which delineates the roles and responsibilities of the board which shall, among other matters, include the requirement to develop a multi-year strategic plan, and a succession plan for the CEO.
5. Within an independent board staffed with directors who possess the necessary skills for the successful stewardship of the NSO and of whom not more than 60% of the directors shall be of the same gender, it is recognized that diverse perspectives, experiences and backgrounds provide for optimal board performance. Consequently, each NSO shall develop a policy for diversity at the board level. Diversity refers to the broad range of demographic characteristics that exists across Canadian society including, but not limited to, sex, gender identity, race, ethnicity, sexual orientation, class, economic means, ability, age, religion and education. The board shall report annually as to its approach and success in attracting directors with the required skills and diversity (including with respect to gender representation).
6. It is fundamental for athletes to have meaningful representation in the governance structure of the NSO and for athlete voices to be heard. The board of each NSO shall determine the best way for that objective to be achieved which shall be articulated in the board mandate. Athlete representation on the board is strongly encouraged. Any NSO that does not have an athlete representative on its board shall appoint at least one athlete representative to the position of board observer. Each NSO shall develop a process whereby the athlete representative is determined with significant input from that sport's athletes. For the purposes of this section, the term "athlete" means a person currently on a national team or competing at the international level or a person who is retired and was a member of a national team or competed at the international level, not more than eight years previously.
7. Each NSO must maintain a skills matrix and board membership shall be competency-based ensuring that the board members possess as many of the skills necessary for optimal board functioning as possible.¹

¹ It is expected that for most NSOs those skills are financial, governance, legal, and sports. For larger organizations those skills may also include marketing, digital, HR, fundraising, sponsorship and international relations.

8. Each board must have a board chair² elected by the directors.
9. The board chair must be an Independent director.
10. Each board member shall be subject to a maximum nine year term limit (comprised of multiple terms each not longer than four years) other than:
 - (i) a sitting board chair who may serve for one additional term for a maximum twelve year term limit, but who may not hold the position of chair of the board for longer than six years; and
 - (ii) one director other than the chair who serves on the board of that sport's international federation who may serve for one additional term for a maximum twelve year term limit.³
11. All new board members shall receive a proper orientation as to their roles and responsibilities as directors which shall include instruction on good governance practices and governance policies, which shall be refreshed for all directors after each election.
12. The board shall be responsible to select, hire and, where it determines it is necessary or desirable to do so terminate, the CEO. The CEO shall have such skills, experiences and qualifications that the board considers appropriate to best serve the interests of the NSO.

A Partially Exempted NSO may use the title Executive Director rather than CEO (for that NSO, all references in this Code to CEO shall instead read as Executive Director).
13. Board members shall not liaise with management other than the CEO or, in respect of the chair of the board and members of the audit and finance committee, the CFO, or assume operational responsibilities without the joint approval of the board and CEO.

² In some NSOs the chair is called president.

³ Any period of time spent on the board prior to the December 31, 2021 shall apply against the term limit to a maximum of five years. Any period of time spent as chair prior to December 31, 2021 shall apply against the six year limit as chair to a maximum of three years.

14. Directors shall not be remunerated for serving as director, but may be reimbursed for reasonable expenses in accordance with a board-approved travel policy or upon the approval of the chair and CEO or, in respect of the expenses incurred by the chair, the approval of the CEO and the chair of the audit and finance committee.
15. The board chair shall oversee an annual board review process.
16. The attendance record of each director shall be included in the materials that are distributed in connection with the election of directors of the NSO.
17. The board by resolution may authorize the retention by it of professional advisors at the expense of the NSO.

C. Board Committees

1. A board shall have committees that focus on the following matters:
 - (i) nominating
 - (ii) governance and ethics
 - (iii) audit and finance

A board may establish such other committees as it considers desirable. Except as provided in C.3 below, the role of each committee is to recommend matters for approval by the board.

2. Each committee must have terms of reference approved by the board.
3. The role of the nominating committee will include proposing those individuals recommended for election as directors by the members. The nominating committee's recommendations need not be approved by the board. Other nominations for election to the board can be made in accordance with the NSO's by-laws or nominations procedure which shall be publicized by the NSO sufficiently in advance of any specified deadlines to enable other nominations to be made. Each time the membership of the nominating committee is established by the board, it shall have an odd number of members. The nominating

committee must not include any director up for election and shall include appropriate representation from the board (including Independent directors), athletes and other stakeholders with the objective that the committee is respected, credible and representative.

D. Members

1. The members of the NSO shall vote only on the election of directors, the appointment of the auditors, those matters on which members are entitled to vote under the Act and any specific matter that the board determines shall be voted on by the members.

E. Financial Matters/Risk

1. Annual financial statements in their entirety must be audited and posted on the NSO's website within six months of year end.
2. Financial statements of the NSO shall be reviewed by the board at a meeting:
 - (i) in respect of unaudited quarterly financial statements, within 60 days of a quarter ending; and
 - (ii) in respect of the audited annual financial statements, within 90 days of year end.
3. The board shall be responsible for risk management which includes ongoing identification of risks and measuring annually its risk management and internal control systems.
4. Directors shall receive quarterly a written certification of the CEO and CFO that: all required remittances be they be for deductions at source, sales tax, or any other government remittances have been made, all other payments for which directors are personally liable have been made, describes any breach of a material agreement and the status of any claims or lawsuits threatened or initiated against the NSO including a status update of each, confirms that all insurance coverage (including directors and officers liability insurance) approved by the board is in full force and effect and that all premiums have been paid, and describes any material risks (financial or otherwise) to the NSO.

If a Partially Exempted NSO does not have a CFO or a person who performs the functions of a CFO, the certificate may be signed only by the CEO or Executive Director. For a Partially Exempted NSO, the certificate can be delivered either quarterly or semi-annually.

F. Transparency

1. The following items must be posted on the NSO's website and be publicly accessible:
 - (i) articles of incorporation/continuance (as amended)
 - (ii) by-laws
 - (iii) annual financial statements
 - (iv) minutes of meetings of members
 - (v) board mandate referred to in B.4
 - (vi) terms of reference of all committees
 - (vii) annual report on diversity referred to in B.5

G. Implementation

1. Reflecting the importance of good governance and this initiative whose purpose is to achieve this result, the NSOs will be provided with resources to help them come into compliance with the Code. Templates, checklists and other helpful documents will be prepared and provided to the NSOs to assist them in coming into compliance with the Code on a timely and efficient basis. Additional resources including legal expertise and ongoing educational opportunities will also be made available to the NSOs.

2. To make this a success for the sport system, each NSO will be encouraged and supported if needed to make necessary changes to its by-laws and take such other steps as may be required so that the NSO is in compliance with the Code on or before December 31, 2022.⁴

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⁴ It is anticipated that the Code will be reviewed not later than five years from the date of its implementation to consider any revisions and updates that would be appropriate in the context of evolving best practices.