



## Charter

### **Risk, Audit and Compliance Committee**

The Risk, Audit and Compliance (“**RAC**”) Committee is a committee of the Board of the United States Soccer Federation, Inc. (the “**Federation**”). This charter sets out the responsibilities delegated by the Board to the Committee and the Committee’s objectives, authority, responsibilities, composition and operation.

#### **Objectives**

As contemplated in Bylaw 431, the Risk, Audit and Compliance (“**RAC**”) Committee shall be responsible for the oversight of the Federation’s: (1) accounting and financial reporting processes; (2) systems of internal controls; and (3) compliance with legal requirements and ethical standards.

#### **Membership**

The RAC Committee shall consist of at least five Board members and shall include at least the three (3) independent directors. A member of the Committee may not accept any consulting, advisory, or other compensatory fee from the Federation, or be an affiliated person of the Federation or a subsidiary thereof. The chair and the members of the RAC Committee shall be appointed by the Board of Directors. The chairperson of the RAC Committee must be one of the independent directors.

#### **Meetings**

The Committee shall meet with such frequency and at such intervals as it determines is necessary to carry out its duties and responsibilities but at least four (4) times annually and at least once a year separately with the independent auditor. The Committee may permit attendance at meetings by management and such ex officio members as the Committee may determine appropriate or advisable from time to time. The Committee shall report regularly to the Board on matters within the Committee’s responsibilities and shall maintain minutes of Committee meetings.

#### **Authority**

The Committee is authorized to perform activities within the scope of the duties and responsibilities set out in this Charter and to make appropriate recommendations to the Board.

#### **Duties and Responsibilities**

The Committee will have the following duties and responsibilities:

##### **1. Accounting and Financial Reporting Processes**

- a. Make recommendations to the Board as to the selection, appointment, reappointment or replacement of the independent outside auditor, and rotation of the lead engagement



- partner, including undertaking a formal review of the auditor's appointment every three years.
- b. Review with the independent outside auditor the scope and terms of the audit and audit fee and make recommendations to the Board.
  - c. Oversee and review the quality and effectiveness of the audit conducted by the external auditor, and annually review the performance of the auditor.
  - d. Discuss and resolve any issues arising from audit reports, including any matters the external auditor may wish to discuss in the absence of management.
  - e. Discuss with the independent outside auditor any relationship that may impact on its objectivity or independence, and recommend to the Board any appropriate action to satisfy itself of the auditor's independence.
  - f. Require the independent outside auditor to provide a formal written statement annually confirming its independence.
  - g. Make appropriate recommendations to the Board as to whether financial statements should be approved.
  - h. Review significant financial reporting issues and assess the appropriateness of accounting policies and methods chosen by management, particularly those in relation to significant estimates and judgments.
  - i. Consider and make appropriate recommendations to the Board regarding major changes to the Federation's accounting policies and processes.
- 2. Systems of Internal Controls / Risk Management**
- a. Monitor the adequacy of the nature, extent, and effectiveness of the internal control processes of the Federation.
  - b. Review and approve the scope, plan, terms and budget for internal audit or compliance-related activities and initiatives.
  - c. Review the effectiveness of the Federation's risk management framework policies and initiatives to identify the Federation's material risks and the appropriateness of the risk management processes in place to address them.
  - d. Review the adequacy and effectiveness of administrative, operating and accounting controls used by the Federation.
  - e. Review the Federation's material risk exposures, including the Federation's exposure to fraud and cyber security.
  - f. Monitor the implementation of corporate and business unit risk management plans.
  - g. Review insurance and other risk transfer arrangements.
  - h. Review the adequacy of insurance provisions for workers' compensation, public liability and general insurance.
  - i. Review the business continuity and disaster recovery planning process within the Federation.
  - j. Monitor changes anticipated for the economic and business environment, including consideration of emerging trends and other factors relevant to the Federation's risk profile.
  - k. Review any results or report of internal investigations.



1. Make recommendations as necessary to address concerns identified.
- 3. Compliance with Legal Requirements and Ethical Obligations**
- a. Review and provide input to the Federation's corporate governance framework
  - b. Review and monitor the Policy on Conflicts of Interest and other key corporate policies and delegations of authority.
  - c. Monitor the effectiveness of the Federation's policies and practices that relate to compliance with laws, regulations, and accounting standards.
  - d. Establish procedures for receiving and addressing confidential or anonymous concerns raised by employees or other interested parties.
  - e. Monitor the impact of changes in key laws, regulations and accounting standards affecting Federation operations.
  - f. Oversee the Federation's compliance with legal and regulatory requirements (other than those assigned to other committees of the Board).
  - g. Review and monitor related party transactions, if any.
  - h. Make recommendations as necessary to address concerns identified.
- 4. Annual Compensation Process**
- a. Review and monitor the Federation's compensation structure and policies, including completion of an external compensation study at least every 3 years.
  - b. Review the Federation's annual performance management process, including goal setting and performance reviews to assess effectiveness of process for both staff and executives.
  - c. Review the Federation's bonus plan and total financial impact of annual performance adjustments.
  - d. Advise the CEO on annual compensation adjustments of executive staff.
  - e. Annually review executive staff development and succession planning.
- 5. Other Matters**
- a. Conduct or authorize any special projects or investigations into any matters within the Committee's charter or as may be requested from time to time by the Board.