

Report by the Board of World Sailing to the Council and General Assembly on the work of the Audit Sub-Committee (“the Committee”)

The Audit Sub-Committee met on 2 November 2025, which included VP Daniel Belcher and VP Joseph Pla.

Audited Annual Accounts

- In May 2025 the Committee recommended that the Board of World Sailing (“the Board”) approve and sign the Audited Financial Statements (the consolidated accounts of World Sailing Limited, World Sailing (UK) Limited, World Sailing Trust and its quasi subsidiary World Sailing Investment Trust) for the year ended 31 December 2024.
- The Board duly approved and signed the Audited Financial Statements on 2 May 2025.
- The Committee also recommended the reappointment of Haysmacintyre as the Independent Auditor for all World Sailing group companies for the year ending 31 December 2025.
- The Committee made a further recommendation to the Board to consider engaging Hottinger to provide independent advice on the performance and investment strategy of the WS Investment Trust currently managed by Barclays Investments and overseen by the Trustees, Baker Tilly.

Ongoing business

The key matters discussed were as follows:

- We welcomed the new Chair of the Audit Sub-Committee, Grace Kwok.
- We noted the appointment of the new Head of IT and a Project Manager to strengthen the IT infrastructure; to implement formal policies and procedures regarding data access and storage; and to manage the project for the redevelopment and upgrade of the federation’s website and Content Management System(“CMS”).
- Following the Audit Committee’s recommendation to the Board in May 2025 to appoint Hottinger to review the performance of the funds under WS Investment Trust, the Committee noted that Hottinger had completed their review and had invited Hottinger to present their report on the following:
 - (i) Hottinger’s assessment of the federations FX exposure and investment risks in relation to the funds under their management.
 - (ii) Hottinger’s assessment of the performance of the investment managers of WS Investment Trust, Barclays Investments, and to make recommendations for improved performance based on their findings.

World Sailing's investments and FX exposure:

Hottinger confirmed that investment performance remains aligned with expectations; however, the federations USD exposure, combined with depreciation of the USD versus GBP, has resulted in an unrealised currency loss and an increase in currency-related risk.

The Committee reviewed Hottinger's update and agreed that the investment parameters set at the time of their appointment remain appropriate. Consistent with the agreed strategy, Hottinger will continue to convert USD to GBP in line with the predefined quadrennial cashflow plan. Hottinger also confirmed that they are actively monitoring the USD/GBP exchange rate and would seek to convert USD balances opportunistically should favourable rates arise, to mitigate future currency risk.

Review of Barclays as investment manager of the WS Investment Trust Funds

Following their review, Hottinger advised that:

- The performance of the Trust funds is materially below the expected return for its moderate-to-conservative risk profile; and
- The current fee arrangements are not commensurate with the level of performance delivered.

The Committee therefore asked Hottinger to submit a proposal to take over as investment managers to transition away from Barclays, and if appointed as replacement investment manager, to ensure alignment between investment performance, risk profile and fee structures. As part of this process, the Committee also requested that Hottinger provide a transition and implementation plan.

Risk Management

The Committee observed that no progress has been made over the past year on reviewing the federation's risk management approach due to insufficient staff resources. It recommends that:

- The Executive Office update the Risk Register by 31 January 2026.
- The Committee, in collaboration with the Executive Office, review and revise (if appropriate) the Risk Management Framework and Risk Appetite Statement (previously approved by the Board) for submission to the Board for their review and approval by 30 April 2026.
- The Board establish a standing agenda item at their meetings to monitor and manage any key changes in the risk profile and advise the executive office accordingly.

Various standing agenda items were also discussed including:

- (i) A review of the key contracts and terms thereof for all new contracts entered by World Sailing since April 2025.
- (ii) An update from the General Counsel on the ongoing legal cases and any potential new cases involving World Sailing.
- (iii) A review of the Management Accounts for the 9 months to 30th September 2025, including the forecast for the rest of the year.

Audit Sub-Committee new member recruitment

The Committee noted the Boards decision to recruit a third independent member with experience in financial governance and audit as soon as possible.

Appointment of auditors

The Committee noted that HaysMac have been the auditors for a number of years, although the assigned partners have been rotated on a regular basis. The current partner has been engaged with World Sailing for four years. To maintain audit independence and ensure value for money, the Committee recommend a full review of best practise in line with effective governance, whilst ensuring value for money service, and present their recommendation to the Board after completion of the audit for 2025 in May 2026.

No other matters of particular significance arose from the Committee's meeting on 2 November 2025 to bring to the attention of the Council and General Assembly.

Daniel Belcher

On behalf of the board of World Sailing

7 November 2025