

FIGHTING CORRUPTION IN SPORT SPONSORSHIP AND HOSPITALITY

A practical guide for companies



United Nations Global Compact

Acknowledgements

The UN Global Compact Working Group on the 10th Principle appointed a taskforce on Sport Sponsoring and Hospitalities to create a guidance document for small, medium and large companies on how to understand and fight corruption in sport sponsorship and hospitality.

This Guide was created over the course of 22 months (from February 2012 until November 2013) by the Taskforce, which included representatives of the following:

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- **ENI**
- **MTN Nigeria**
- **Petrobras**
- **Sanlam**
- **System Capital Management**
- **The Coca-Cola Company**

Organizations (in alphabetical order)

- **Fachverband für Sponsoring und Sonderwerbformen e.V**
- **HUMBOLDT -VIADRINA School of Governance**
- **Instituto Ethos Brazil**
- **Transparency International**
- **United Nations Global Compact**
- **United Nations Office on Drugs and Crime (UNODC)**

Observers of the Taskforce

- **Companies and Investors National Committee Brazil**
- **UNI Global Union**
- **Jabil Circuit Inc.**

About the United Nations Global Compact

Launched in 2000, the United Nations Global Compact is both a policy platform and a practical framework for companies that are committed to sustainability and responsible business practices. As a multi-stakeholder leadership initiative, it seeks to align business operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption, and to catalyze actions in support of broader UN goals. With 8,000 corporate signatories in 145 countries, it is the world's largest voluntary corporate sustainability initiative. www.unglobalcompact.org.

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Table of Contents

| | |
|--|-----------|
| Foreword | 4 |
| Welcome Message from Georg Kell | 4 |
| Key definitions | 5 |
| About this Guide | 6 |
| 1 The Business Case for Fighting Corruption in Sport Sponsorship and Hospitality | 9 |
| 2 Sport Sponsorship as Part of the Supply Chain | 14 |
| 3 Preventing Corruption in Sport Sponsorship and Hospitality | 17 |
| Step 1: Commit | 18 |
| Step 2: Assess | 20 |
| Step 3: Define | 23 |
| Step 4: Implement | 34 |
| Step 5: Measure | 37 |
| Step 6: Communicate | 38 |
| | |
| Addenda I: An example for a Code of Conduct for Sport Entities | 41 |
| Addenda II: Example of a Hospitality and gift policy | 47 |
| Addenda III: Example of a Hospitality register | 48 |
| Addenda IV: Public reporting of policies and procedures | 49 |
| Annex 1: List of tools and resources | 53 |
| Annex 2: Case study on Collective Action – “Clean Games Sectoral Agreement – business sector unites against Corruption in the FIFA World Cup 2014 and the 2016 Olympic Games in Brazil” | 54 |

Foreword from a member of the Sport Sponsoring and Hospitalities Sub-Working Group of the UN Global Compact Working Group on the 10th Principle against Corruption

Through the years, sports sponsorship has grown beyond specific business interests or brand promoting activity to become a significant and very public demonstration of corporate image. By the same token, the risks associated with its considerable reputational impact are significant and far-reaching; typically this impact is on three levels – within the company, along the value chain and within society.

That is why the UN Global Compact Guide on Sport Sponsorship and Sport Related Hospitality is a much-needed tool to encourage and to drive adherence to the UN Global Compact 10th Principle, which focuses on working against corruption in all its forms. Indeed, the increasing and well known cases of allegations of corruption in sport sponsorships and sport related hospitality call for a new approach to tackling corruption in this space, one that is more precautionary and proactive than reactionary.

Fighting corruption is a win- win philosophy as the well-being of our communities is directly linked to business sustainability. That is why businesses must uphold ethical conduct as the essence of all their operations- with their shareholders, customers, employees, regulatory bodies, vendors and beneficiaries alike who are key drivers for mutual success and shared value.

It is our belief that as organisations make ethics and integrity integral to their business and engage in the process to eradicate corruption at all levels – and in this instance in sport sponsorship and sport related hospitality – they will create a truly level playing field for business operations and practices in every sector.

Michael Ikpoki

CEO of MTN Nigeria Communications Limited
MTN Nigeria is a member of the Sport Sponsoring
and Hospitalities Sub-Working Group

Welcome Message from Georg Kell

The significance of sport for society is unquestionable. It engenders some of humanity's most important values — fairness, equality, teamwork. Sport fosters citizenship and promotes a healthy lifestyle. It is about emotions, passion, prestige and power. In many respects, sport and sport sponsorship requires a significant investment. Sport can therefore be a powerful tool to foster universal values and promote transformative social change.

Sport is beneficial for companies. The premium often placed on access to sporting events has made them a platform to gain visibility and attract significant resources. Sport sponsorship can help companies enter new markets, strengthen their brand and establish a positive emotional link to a company's products and services. Sponsorship can also help sport entities such as Federations, athletes, and teams to achieve peak performance.

However, the opportunity for companies and sport entities to benefit from involvement in sporting events given that overall spending on such events is huge, presents a potential for corruption. Bribery, doping, match fixing and illegal betting are just some of the negative actions that undermine the spirit of sport.

To preserve the positive spirit of sport worldwide, companies and sport entities have a responsibility to take action to ensure that principles of integrity, accountability and transparency are reflected in the way sport is conducted and managed.

This guide — among the first business-led guidance in this area — holds great promise in contributing to preventing corruption in sport sponsorship and hospitality. I hope it will enable companies to better establish preventative measures and join forces with sport entities to confront corruption.

Georg Kell

Executive Director

United Nations Global Compact Office

Key Definitions

| | |
|------------------------------------|---|
| Hospitality | Tickets, passes and “invite only” invitations to Sport Entity events. |
| Sponsor | Any juristic person ¹ entering into the Sport Sponsorship Agreement with the Sport Entity. For natural persons acting as sponsors it is suggested the Guide be interpreted accordingly. |
| Sport Entity | A juristic person, mainly a sport federation, sport club, sport event organizer. For natural persons such as athletes regardless of whether they participate or compete as individuals, a group of individuals, members of a sport team, club, or federation or in any other capacity, it is suggested the Guide be interpreted accordingly. |
| Sport Sponsorship | Characterized by a contractual exchange of benefits between the Sponsor and the Sport Entity, <ul style="list-style-type: none"> • The Company receives the right to associate its name or distinctive mark with the activity of the Sport Entity in order to promote the Sponsor’s exposure, identity, brand or products/services in a positive manner. • Other forms of support for a Sport Entity by a Sponsor, such as patronages or donations usually do not oblige the Sport Entity and have to be distinguished carefully, especially for tax reasons. |
| Sport Sponsorship Agreement | A contract between a Sponsor and a Sport Entity that defines: <ul style="list-style-type: none"> • The payment or material benefits the Sponsor will provide to the Sport Entity; • The payment terms the Sponsor will apply; and • The benefits that the Sponsor will receive from the Sport Entity in exposure and/or commercial terms. |

1. The term “juristic person” means a body of persons, a corporation, a partnership, or other legal entity that is recognized by law as the subject of rights and duties — called also artificial person, conventional person, fictitious person [Please See: <http://www.merriam-webster.com/dictionary/juristic%20person>].

About this Guide

Sport! Almost no other topic can catch the attention of hundreds of millions of people around the world and unite them to share passion for a favourite athlete, team or club. The significance of sport for society is unquestionable. At its best, sport represents values, such as fairness, performance, teamwork and responsibility. Sport breaks down barriers of class, social status, mentality, culture, politics, sexual orientation, national origin, religion and physical challenges. Sport provides role models, idols and heroes, for future generations to look up to. The attributes and attitudes of sport stars can have lasting effects on the values of our society and especially on young people.

Sport contributes to development as a tool to support peace, human dignity, health and education. Sport is therefore a critical aspect of Corporate Sustainability.

Events associated with sports are prestigious affairs and are popular civil platforms to demonstrate power, build up positive images. For business Sponsors, such events are used to gain public visibility, awareness, and to establish an emotional engagement with fans. Events such as the Olympic Games, the FIFA World Cup™ tournaments and international championships in basketball, hockey, rugby, cricket, to name but a few, reach large audiences and generate the equivalent of billions of US dollars of revenue. Worldwide, there are billions of sport fans, and the economic importance of media rights, merchandising, ticketing, event marketing, and tourism around sport is enormous and cannot be overestimated.

Sport Sponsorship helps companies enter new markets, create better images of brands and establish positive, emotional links to their products and services.

This holds true for large, multinational organizations as well as small and medium-sized regional enterprises. Both use Sport Sponsorship and Hospitality, such as inviting a client to attend a sporting event, as legal, legitimate transactions to deepen relationships and advance marketing, advertising, promotional and communication strategies.

On the other hand, sport needs professional environments conducive for athletes to achieve peak performance. In addition to governmental support, Sport Sponsorship by companies helps increase exposure and quality of sport. Sport Sponsorship accounts for almost 30 percent of the total sports market, with an expected average growth rate of 5.3 percent per year globally.²

Notwithstanding the opportunities for Sponsors to potentially benefit from their involvement in sport and sporting events, such involvement could be tainted by corruption. Furthermore, Sponsors face operational challenges when establishing prudent measures to reduce corruption risks in relation to their sport sponsorships.

To address these potential challenges, the UN Global Compact Working Group on the 10th Principle convened a Taskforce to develop a practical Guide for Sponsors that would like to conduct their Sport Sponsorship and sport-related Hospitality with integrity and thus prevent corruption.

2. PricewaterhouseCoopers, Changing the game - Outlook for the global sports market to 2015, December 2011.



The objective of this Guide is to provide Sponsors of all sizes, with or without an established overall anti-corruption programme, a practical framework on how to approach Sport Sponsorship and Hospitality in a transparent and accountable manner and address associated major risks of corruption. As a global Guide, it considers different situations all over the world and its approaches are non-mandatory best practice guidance.

In some countries and/or sport leagues, there may already be robust standards that are applicable to Sport Sponsorship and Hospitality. In others, knowledge of basic anti-corruption measures continues to improve. Users of the Guide will need to adapt the Guide to fit their specific situation, depending on the scope and nature of their sponsorships. The Guide offers ways to either establish or improve programmes to mitigate potential corruption risks whether Sponsors currently have dedicated compliance programmes on Sport Sponsorship and Hospitality or whether it is already within their general anti-corruption and anti-bribery compliance programmes.

While sport is at the centre of this Guide, its contents can be applied to other forms of sponsorship as well. Hospitality, in particular, is an overall issue for corruption risks that are not limited to sport.

The Guide is intentionally brief, focusing primarily on sport related issues. The overall approach follows the UN Global Compact Management Model, which can be found at: http://www.unglobalcompact.org/docs/news_events/9.1_news_archives/2010_06_17/UN_Global_Compact_Management_Model.pdf

For those not yet familiar, the UN Global Compact recommends the use of its Management Model in fighting corruption and implementing the 10th Principle.

The UN Global Compact 10th Principle

On 24 June 2004, UN Global Compact, the world's largest corporate sustainability initiative, adopted a 10th Principle: "Businesses should work against corruption in all its forms, including extortion and bribery." The 10th Principle commits UN Global Compact participants not only to avoid bribery, extortion and other forms of corruption, but also to develop policies and concrete programmes to address it. Companies are challenged to join governments, UN agencies and civil society to realize a more transparent global economy. The addition of the 10th Principle sent a strong world-wide signal that though it is the primary duty of the governments to prevent and fight corruption, the private sector and other non-state actors share responsibility to prevent and to eliminate corruption.

The 10th Principle was the response to the adoption in October 2003 of the United Nations Convention against Corruption (UNCAC), which entered into force in December 2005. As the sole global, legally binding anti-corruption instrument, UNCAC provides a unique opportunity to prevent and fight corruption in both private and public sectors.

Although UNCAC is legally binding only on countries that have ratified it, its values and principles are applicable to the widest spectrum of society, including the business community. The principles can serve as an inspirational tool for companies adopting or reviewing internal anti-corruption policies, strategies and measures.

Following the inclusion of the 10th Principle, the UN Global Compact established a multi-stakeholder working group to provide strategic input on anti-corruption, to define the needs of the business community in implementing the 10th Principle and to contribute to greater coherence by supporting the alignment of existing initiatives and avoiding the duplication of efforts. It has established several task forces to develop tools and resources to help businesses achieve the goals of the 10th Principle. This Guide is the result of one such effort.

The Definition of "Corruption" and the UN Global Compact

Transparency International defines³ corruption as "the misuse of entrusted power for private gain." This convenient shorthand, encompassing myriad illegal and illicit acts, recognizes the breadth of the concept, but does not attempt to enumerate acts or precisely delimit their scope. During the negotiations of the UNCAC, UN Member States carefully considered the opportunity for the global anti-corruption treaty to provide a legal definition of corruption. Concluding that any attempt at a comprehensive definition inevitably would fail to address some relevant forms of corrupt behaviour, governments reached a consensus on manifestations of corruption while leaving each State to go beyond the minimum standards set forth in the UNCAC. The UNCAC calls on States Parties to outlaw, at a minimum: bribery of public officials; embezzlement; trading in influence; abuse of function; illicit enrichment by public officials; bribery and embezzlement in the private sector; money laundering; and obstruction of justice. In accordance with this approach, the 10th Principle of the UN Global Compact calls for companies to work against corruption in all its forms, including extortion and bribery.

3. Definition of Transparency International

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The Business Case for Fighting Corruption in Sport Sponsorship and Hospitality

THE IMPORTANCE OF SPORT SPONSORSHIP AND HOSPITALITY

Sponsors, both large multinational companies as well as small and medium-sized enterprises, turn to Sport Sponsorship and Hospitality as an important tool in their marketing, business development, and relationship building strategies to yield beneficial return on investment.

Sport Sponsorship of Sport Entities gives Sponsors the opportunity to reach large audiences, on a regional, national or a global level. This is especially true when sport events are broadcast on TV or other media channels. The final match of the FIFA World Cup 2010 was viewed by 700 million people⁴, and the finals of the US National Basketball Association (NBA) in 2012 reached a viewership in 215 countries, with an additional 200 million people following the finals through social media networks⁵.

Sport Sponsorship also draws an advantage from the positive image of a Sport Entity. Sport fans often show high levels of emotional response to their favourite athlete or team, which is advantageous for establishing an emotional link to the promoted product or service. Sponsors can raise positive associations with a certain brand by using the positive image and emotions that the audience links to sport.

Sponsorship in grassroots sports, gives opportunities of supporting the local community and demonstrating corporate responsibility.

Hospitality offers networking opportunities with business partners in order to improve the Sponsor's public relations. Often, Hospitality in high-profile sport events is very exclusive, making its attendance even more desirable. Business representatives can meet influential people that may be of strategic relevance for the advancement of a brand or the company itself.

Similarly, Sport Sponsorship and Hospitality hold great benefits for the Sport Entities. Today's sports, be it professional and high performance, amateur or grassroots, cannot survive without sponsorship. Professional athletes need professional conditions for achieving peak performance. Additionally to governmental support that may exist, Sponsors help to increase the exposure and the quality of Sport Entities.

Sponsorship also plays a decisive role in bringing sports to new regions and/or target groups and may especially help Sport Entities in supporting the youth and developing the educational values of sport.

In the last two decades, Hospitality, as part of the financing of venues, has helped to improve the standard of stadiums and arenas fundamentally, thus opening sport events to new audiences like women and families. VIP areas, such as business seats and lounges, may also support cheaper ticket prices for the fans.

Sport Sponsorship and Hospitality, however, do not only provide benefits for the Sponsors and the Sport Entities. Any negative incident concerning either the direct relationship between the two parties or just one side of it can lead to a widespread scandal with devastating impact on the potential positive goal that originally led to the sponsorship.

PREVENTING CORRUPTION — THE SPONSOR'S PERSPECTIVE

The business case for Sponsors to protect their own reputation and beneficial return on investment in connection with Sport Sponsorship and Hospitality cannot be limited to corruption in a narrow sense of the word. The business case must also include reducing the risk of other negative incidents related to the Sport Entity, particularly with technological advancements increasing rap-

4. <http://www.reuters.com/article/2010/07/13/us-football-idUSTRE66C0ZV20100713>

5. <http://www.forbes.com/sites/aliciajessop/2012/06/14/the-surge-of-the-nbas-international-viewership-and-popularity/>

idness of communications, including social media. For example, doping is a major reputational risk for Sponsors, as well as “fabricated” images of star athletes under Sport Sponsorship Agreements being associated with illegal drug use. The same negative incident risks apply to a lack of good governance and transparency with regard to financial matters, a deficiency in many Sport Entities due to various complexities in organizational structure.

This Guide therefore differentiates between two areas where corruption and similar risks can occur:

- Corruption in the relationship between the Sponsor and the Sport Entity (e.g., offering or giving of bribes to win a Sport Sponsorship) as well as with other business partners.
- Corruption and other negative incidents related to the Sport Entity. Such behaviour may comprise acts referred to as “corruption on the field” and “corruption off the field”, as well as other illegal or inappropriate conduct.⁶

Addressing these two different areas of risks requires different approaches that Sponsors need to consider (as outlined in Chapter 3).

This Guide does not in detail refer to major sport agencies that — especially on the international level — often play an important role in Sport Sponsorship and Hospitality. Anti-corruption measures such as due diligence, contractual obligations, and monitoring often apply as well to the relationship with these agencies.

The perspective of Sport Entities with regard to the Sponsors’ reputation/behaviour does not lie in the scope of this Guide due to practical reasons.

I. Corruption in the Relationship

A Sponsor may face negative legal, commercial or reputational consequences if the relationship with the Sport Entity is tainted by corruption. Such risks are considerable due to the high business values associated with sponsoring a Sport Entity, resulting

in sometimes fierce competition among companies to win sponsorship deals with prestigious Sport Entities. Furthermore, Sport Sponsorship is sometimes treated as “outside the rules” by some Sponsors (e.g., if sponsorship is explicitly demanded by the senior management of the Sponsor). In such cases, compliance rules and processes may be disregarded or set aside in order to establish a sponsorship relation.

Sponsors must therefore address a variety of corruption-related risks within their own operations such as:

- **The promise, offering or giving, directly or indirectly, of an undue advantage to become a Sponsor.** Sponsors need to take into account that risks of corruption may already be present in the selection process of the targeted Sport Entity. Employees may bribe representatives of the Sport Entity to win a Sport Sponsorship Agreement (especially in the case of high-profile Sport Entities or events with high competition between Sponsors vying for sponsorship);
- **The promise, offering or giving, directly or indirectly, of an undue advantage by the Sport Entity to obtain sponsorship.** Sponsors also face the risk that their own employees solicit or accept undue advantages (e.g. payments, kickbacks, gifts) from the Sport Entity to establish a sponsorship relationship. This could be especially the case with smaller less popular Sport Entities;
- **Conflicts of interest.** Employees may face conflicts of interest in awarding Sport Sponsorship Agreements when the individual interest of the employee conflicts with the employer’s interest;
- **Misuse of Sport Sponsorship to obtain an undue competitive advantage.** For instance, a company may sponsor a client’s favourite or even associated Sport Entity team primarily for the purpose of inappropriately obtaining a commercial contract from the client. In such a case, the Sport Sponsorship may be misused to subterfuge corrupt payments. The fact that the real value of a sponsorship in many cases

6. “Corruption on the field” (sometimes also referred to as “competition corruption”) involves activities by athletes and/or those officials who have a direct responsibility for the outcome of a sporting contest. Examples include doping, match fixing, and irregularities in officiating and judging. “Corruption off the field” (also referred to as “management corruption”) relates to noncompetition decisions made by sporting officials and governing bodies (e.g., granting a no-bid Sport Sponsorship Agreement when competition exists). Allocation of rights or awarding of contracts for construction of sporting venues is one such example (Maenning 2005). Other illegal or inappropriate behaviour may comprise racism, indigent citizen displacements, fraudulent elections of governing officials, etc.

is hard to measure and that compliance programmes seldom reflect the special circumstances under which sponsorships are negotiated and executed adds to this risk; and

- **Misuse of Hospitality to obtain an undue advantage.** An invitation to a sport event may be offered to unduly influence business partners or public officials. Therefore, specific attention is suggested, especially as there is no clear line to distinguish acceptable relationship building from inappropriate Hospitality. For instance, VIP tickets to high-profile sport events may be issued to business partners or public officials to influence the recipient and gain an inappropriate business advantage (e.g., receiving a public contract, obtaining critical licenses). Additional corruption-related risks that stem from the Sponsor's own activities related to Sport Sponsorship or Hospitality may include money-laundering, infringement of anti-trust regulation or fraud. Sponsors may also face the risk of being forced into a Sport Sponsorship relationship, for example, where a potential refusal to sponsor would result in serious consequences for the eventual Sponsor (loss of contracts or even extortion). This may be the case when Sport Entities are closely related to public officials or major business partners.

II. Corruption and Other Negative Incidents related to the Sport Entity

The benefit of Sport Sponsorship and its effectiveness depend to a great extent on the reputation of the Sport Entity. If the Sport Entity is associated with misconduct and illegitimate behaviour, the intended purpose of establishing a positive emotional link with the brand may be negated or could even be turned around. Thus, Sponsors can damage their own reputation and incur consequential negative financial implications by engaging with a Sport Entity that does not mitigate its risks by dealing with them appropriately. Recent examples show, that the risks – besides Corruption in all forms, including in

elections in a federation, transfers, awarding of major events, obtaining of Sport Sponsorship Agreement contracts or TV broadcasting rights, construction and infrastructure development for major public events like Olympic Games – may include:

- Doping
- Match-fixing⁷
- Problem gambling/gambling addiction
- Political/Ethnicity/National Origin/Sexual Orientation protests
- Racism
- Cronyism, nepotism and inexperienced personnel decisions
- Violence/Hooliganism
- Accidents and health risks for athletes and spectators
- Sexual misconduct
- Tax fraud
- Associated criticism for sport related indigent citizen relocation programmes

The Sport Entity may also have a lack of awareness and knowledge concerning anti-corruption practices. Possible lack of awareness can add to the challenge that some Sport Entities do not subject themselves to general good governance procedures.

It is suggested that Sponsors take care to thoroughly consider various risks when establishing and executing a sponsorship relationship. Recent examples that demonstrate the value of this suggestion include instances where Sponsors were forced to stop an expensive marketing campaign due to misbehaviour of an athlete or a team and protests against major sport events or a Sport Entity in connection with allegations of corruption and other wrongdoings like human rights violations. Taking concrete actions to prevent such cases or at least to mitigate their impact will benefit Sponsors largely. It will also be in the enlightened self-interest of many Sport Entities – and for sports on a whole – to increase good governance.

7. For more information on this topic, please refer to a comparative study on the applicability of criminal law provisions concerning match-fixing and illegal/irregular betting by UNODC and the International Olympic Committee (IOC). "Criminalization approaches to combat match-fixing and illegal/irregular betting: a global perspective" (July 2013): http://www.unodc.org/documents/corruption/Publications/2013/Criminalization_approaches_to_combat_match-fixing.pdf



PREVENTING CORRUPTION — THE SPORT ENTITY PERSPECTIVE

It is in the Sport Entity's own interest to deal with its risks accordingly thus developing corporate good governance. Sport Entities that establish effective measures to combat corruption and other unethical behaviour in their own organization will not only reduce costs and avoid potential liabilities; such measures will also facilitate relationships with existing and new Sponsors and may contribute to long-term relationships with sponsors. It makes Sport Entities more attractive as a sponsorship target when they share values with ethically oriented, reputation-focused and risk-conscious Sponsors.

Additionally good governance is the basis for Sport Entities to achieve their overall societal goals such as giving an example of fairness and role models for youth.

This Guide cannot explain in detail what managers in Sport Entities have to do to establish good (corporate) governance. Sport Entities may find guidance in various UNGC resources⁸ or in Transparency International

Germany's Business Principles on countering Bribery. Additionally, UNODC's *The UN Convention against Corruption: A Strategy for Safeguarding against Corruption in Major Public Events* may also be helpful to Sport Entities as well as UNODC's comparative study on criminalization approaches to combat match-fixing and illegal/irregular betting, conducted in cooperation with the International Olympic Committee (IOC). For small and middle-sized enterprises, Transparency International's Business Principles for SMEs may be helpful. Clubs or national federations may refer to their international federation for guidance. The International Olympic Committee published in 2009 "Basic Universal Principles of Good Governance of the Olympic and Sport Movement". For grassroots sport organizations, the International Sport and Culture association ("ISCA") together with Transparency International published *Guidelines for Good Governance in Grassroots Sport*⁹. Additionally the example of a Code of Conduct for Sport Entities in Addendum I of this Guide provides guidance and as well practical actions.

8. See List of resources in Annex 1 or visit <http://unglobalcompact.org/resources>

9. Please see Annex 1 for a list of all resources cited in this section.

2 Sport Sponsorship Viewed as Part of the Supply Chain

Sponsors of a club, federation or event enter into a relationship with benefits and obligations on both sides. Particularly important for the Sponsor's investment is the rights ownership protection by the Sport Entity.

The following picture shows the exchange between Sponsor and Sport Entity:



Figure 1: Sponsor-Sport Entity Relationship in Sport Sponsorship

A **Sport Entity** offers a broad range of communicative and sales-oriented rights to the Sponsor. Marketing rights typically comprise the integration of the Sponsor's logo on communication mediums¹⁰ and the ability to offer Hospitality "money can't buy" experiences to customers/fans, such as access to internal facilities, "meet & greet" with stars, etc. The marketing rights may be either exclusively awarded to a Sponsor or shared with other sponsoring partners (e.g., brand exposure on perimeter boards across a football stadium).

In addition, the rights package often offers the provision of Hospitality rights. This includes that the Sport Entity may grant different categories of tickets (from grandstand to VIP tickets) and/or, for example, the right for the Sponsor to use a sky box in a stadium during the entire sport season.

A **Sponsor** compensates the Sport Entity for the marketing rights and (if applicable) for Hospitality either financially and/or with the provision of goods and services that benefit the Sport Entity (e.g., sport outfits, nutrition, training facilities, cars, services).¹¹

Hence, the relationship a Sponsor enters into with a Sport Entity may be viewed as similar to the relationship with its general product and service suppliers¹², meaning they should adopt and implement robust practices and programmes such as adopting anti-corruption programmes and practices for sport sponsorship and hospitality approvals. This will require them to place Sport Entities in a similar position as other suppliers to the Sponsor. In this regard, a Sponsor should consider whether its contractual relationship with a Sport Entity presents a high, medium or low risk and take appropriate action. For a Sponsor, addressing risks, such as corruption, requires a two-fold approach:

first establish effective internal measures to reduce such risks within the Sponsor and in relation to the sponsorship agreement itself, and second, engage with the Sport Entity (i.e., supplier) to establish similar procedures.

Treating Sport Sponsorship as part of the supply chain offers practical advantages for Sponsors. They can draw on existing internal supply chain procedures to execute such engagements and establish risk mitigation activities. The selection of Sport Entities for sponsorship should follow similar processes as the selection of regular business partners. Existing processes, such as due diligence or vendor management, can be applied. As a normal business transaction, Sport Sponsorship may be integrated within the normal purchasing process.

As with suppliers, Sponsors should engage proactively with Sport Entities to support capacity building for preventive measures. For example, compliance experts of the Sponsor can work with Sport Entity administration to develop an effective compliance programme. This is particularly true for smaller Sport Entities or for countries with growing knowledge or experience in this area. Engaging compliance experts should go beyond simply trying to dictate compliance. Instead, it should move toward partnership, capacity building with a view to conducting business with integrity. The result will be beneficial to the Sponsor, the Sport Entity and the society.

The UN Global Compact recognizes the importance and challenges of fighting corruption in supply chains and has provided a practical guide: *Fighting Corruption in the Supply Chain: A Guide for Customers and Suppliers*¹³.

10. Examples of marketing rights contain branding/advertising spaces and rights such as perimeter boards, flags, promotion rights, coaches' bench, sport shirts, posters, ads in the stadium magazine, and additional rights (especially media rights). In addition, sponsors may utilize their rights indirectly to promote their sponsorship activities in further communication channels (e.g., social media channels, stores, branches).

11. Obtaining sport-related Hospitality opportunities is not always confined to sponsoring. Companies can obtain such opportunities without sponsoring a Sport Entity.

12. Of course, this view is difficult with major global Sport Entity events (i.e., the Olympics, FIFA World Cup™) as these events are unique, and have no substitute entities Sponsors can engage, unlike general suppliers.

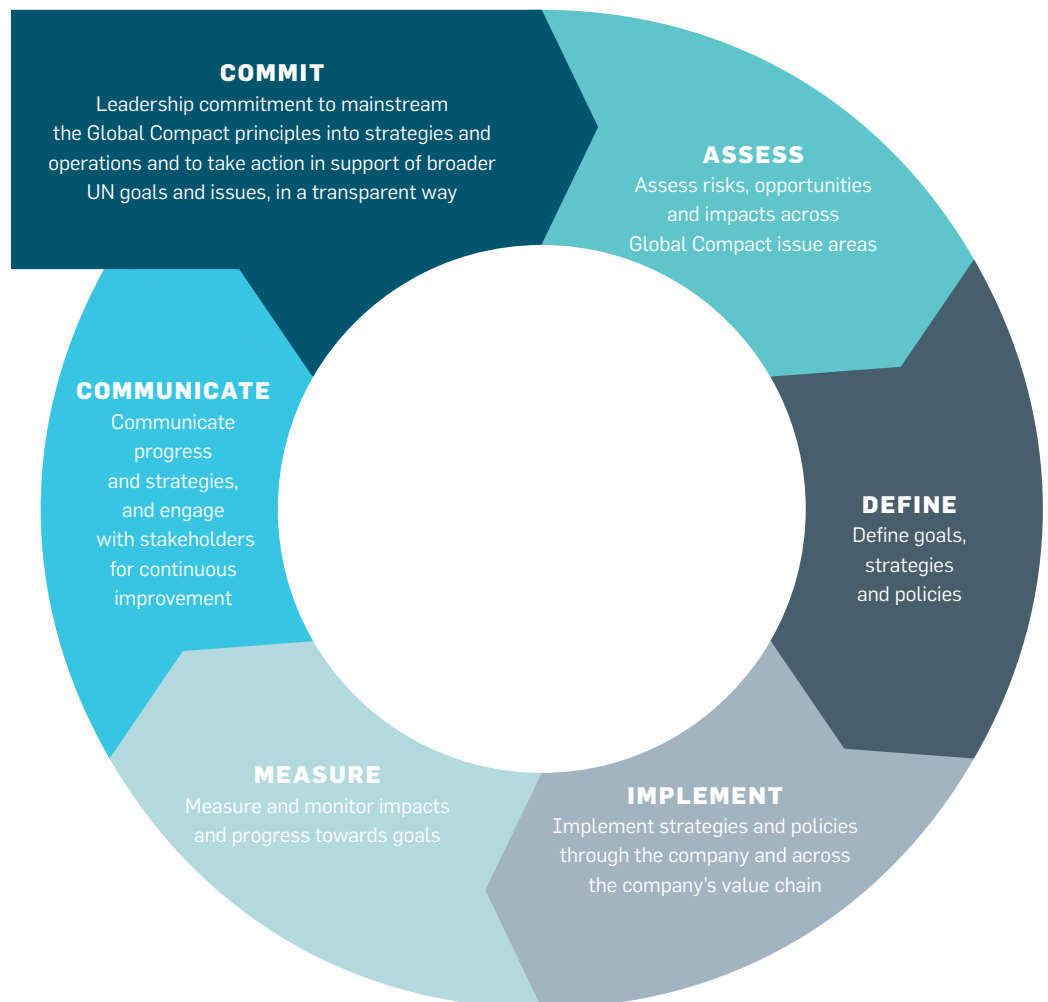
13. For more information on supply chain sustainability see also United Nation Global Compact, *Supply Chain Sustainability – A Practical Guide for Continuous Improvement*, 2010.

3

Preventing Corruption in Sport Sponsorship and Hospitality

This chapter outlines six sequential steps, according to the UN Global Compact Management Model, that should be carried out by Sponsors on a continuous basis to address the corruption-related risks associated with Sport Sponsorship and Hospitality:

THE GLOBAL COMPACT MANAGEMENT MODEL





Assuming a Sponsor has already established an anti-corruption programme, consisting of policies and procedures including training and communication, internal controls, and monitoring, then tailored policies and procedures to prevent corruption in Sport Sponsorship and Hospitality can be integrated into existing measures.

The Guide aims to provide practical guidance to Sponsors but should not be seen as providing a standard, exhaustive list of mandatory measures to be implemented. Every Sponsor should consider this guidance in the context of its own unique and specific circumstances that includes consideration of the overall objectives of the Sport Sponsorship, the Sponsor's Code of Ethics, Code of Conduct (e.g., for Sport Sponsorship), anti-corruption and overall risk policies, procedures, departments, exposure profile and risk appetite; and all relevant legislation, regulation, conventions or other rules that may be applicable to the Sponsor, the Sport Entity involved and the Sport Sponsorship itself. The Sponsor should also consider measures already put in place by the Sport Entity to ensure good governance, ethical behaviour and the prevention of corruption.

Step 1: COMMIT

Sport Sponsorship and Hospitality can be seen as an ideal opportunity to combine business opportunities with social responsibility, contributing to a positive development of sports as a tool to support peace, human dignity and education.

One important way Sponsors can integrate basic ethical Sport Sponsorship and Hospitality principles into their existing policies, such as a Code of Ethics or similar document(s), is suggested in the example below:

With its Sport Sponsorship the <name of the Sponsor> desires to:

- Contribute to a positive development of sport as a tool to support peace, human dignity and education, thus acting in a socially responsible way.
- Achieve a positive image transfer, increase the Sponsor's reputation and reach new/additional consumer audiences for its products/brand/services.

Accordingly the Sport Entity should commit itself to anti-corruption in a similar way. Anti-corruption commitment execution often works best when Sponsors' senior-most leadership makes the promise and directs resources towards achieving the goal.

The UN Convention against Corruption: A Strategy for Safeguarding against Corruption in Major Public Events.

The UNODC has published a handbook on good practices, based on the UNCAC, for preventing corruption in the organization of major public events, including major sports events. The handbook highlights the unique corruption risks associated with the organization of major public events due to the involvement of significant resources, large amounts of funds and complex logistical arrangements within tight time frames

UNODC's handbook covers a wide range of issues, such as: financial management and control; procurement; infrastructure and construction; security infrastructure; the involvement of the private sector (through sponsorships and as service providers); detection of corruption; and law enforcement interventions. The handbook is accompanied by a checklist to assist the authorities responsible for the organization of major public events in reviewing their preparedness and capacity to prevent, detect and respond to corruption while ensuring the successful organization of the event. The handbook was developed through broad consultations and is available at UNODC's corruption homepage at: http://www.unodc.org/documents/corruption/Publications/2013/13-84527_Ebook.pdf

Step 2: ASSESS

The *UN Global Compact Guide for Risk Assessment* proposes a generic approach to conduct anti-corruption risk assessments.

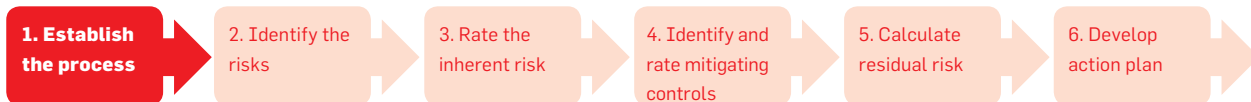


Figure 2: Generic risk assessment approach¹⁴

This approach can also be used to conduct specific risk assessments for Sport Sponsorship and Hospitality.¹⁵ The purpose of such specific assessments is to identify areas of significant risks that need to be prioritized with tailored policies and procedures (e.g., increased due diligence for high-risk Sport Sponsorship Agreements, or specific training for public relations and marketing personnel¹⁶ on the reputational risks of Sport Sponsorship).

In the following paragraphs, the above-shown generic risk assessment approach is briefly explained and extended by specific characteristics for conducting a risk assessment for Sport Sponsorship and Hospitality.

ESTABLISH THE PROCESS

Before conducting specific risk assessments on Sport Sponsorship and Hospitality, one excellent approach is to have Sponsors clearly define operational roles and responsibilities, operational processes (e.g., timing, frequency, collection and aggregation of data, stakeholders involved) and oversight for these activities.

IDENTIFY THE RISKS

One starting point in the identification of corruption risks is to have the Sponsor draw upon the outcomes of its regular overall anti-corruption risk assessments to obtain an overview of the Sponsor's current risk profile. Such a broad risk assessment may have already been identified among other industries, countries or business activities where a high risk of corruption is estimated.

Such information can be used as an initial indication but can also be complemented by a thorough identification of other factors influencing corruption risks, such as:

- Subsidiaries or joint venture partners that already sponsor or even own a Sport Entity (e.g., soccer team);
- Suppliers, consultants and other professionals (e.g., accountants, lawyers) to a Sponsor that may have unmonitored individuals engaged in the provision of services associated with a Sport Sponsorship Agreement with a Sport Entity;
- Engagement of third party intermediaries for establishing Sport Sponsorship Agreements (e.g., rights company or sponsorship brokers) or conducting Hospitality (e.g., travel agents);

14. This chapter is structured according to the UN Global Compact, *A Guide for Anti-Corruption Risk Assessment*, 2013. For more information, please consult this guide. See Annex 1 for weblink to this resource.

15. In case the company already has an existing overall anti-corruption risk assessment approach, this specific risk assessment may be included.

16. Please note that some Sponsors offer "Social Media Training" on the use of Twitter™, Facebook and other technological communication programmes to certain star athletes under Sport Sponsorship Agreements as well.

- Awareness of time-crunch snap decisions made for provision of products and services¹⁷ when an impending Sport Entity event deadline creates circumstances for business process safeguards (e.g., proper RFPs, due diligence background checks, conflicts of interests, contractual provisions) to be circumvented;
- Sport Sponsorship Agreements with a high monetary value, complex commercial terms, or high public exposure (e.g., sponsoring of popular athlete or team);
- Relationships with Sport Entities that lack awareness, capacities and measures regarding the prevention of corruption and other negative incidents;
- Potential conflicts of interests between Sponsor representatives and Sport Entities (e.g., senior manager sits on the board of a sports team);
- A Sponsor offers Hospitality to key business leaders while Sponsor has an outstanding bid out to win a critical contract with that key business leaders' entity¹⁸;
- Launch of new products or services that require extensive and immediate brand building;
- Countries/regions/industries where Sport Sponsorship is part of the business culture with therefore low(er) awareness of inherent risks and/or a tradition of neglecting risks;
- Lack of processes to track and document the final recipients and ultimate beneficiary of Hospitality;
- Employee perception regarding the usage of Hospitality towards relationship building as self-evident (especially in countries where the cost of inviting business partners to a sport event is low);
- Hospitality linked to business functions that require extensive relationship building (e.g., sales and marketing); and
- Legal or other restrictions for business partners in accepting Hospitality (e.g., public officials¹⁹).

The risk assessment can also help understand how Sport Sponsorship Agreements are initiated, negotiated, executed and monitored and how Hospitality is received or given and documented in the Sponsor's books and records, including any transactions made by intermediaries on the Sponsor's behalf (e.g., travel agents).

Sport-specific characteristics and reputation may also help to identify risks that are present with a particular Sport Sponsorship and/or in a particular country. For instance, in some regions horse racing may be strongly associated with illegal betting, and endurance sports are often associated with doping while equestrian sport faces risks with regard to animal welfare. Hence, the analysis of the Sponsor's Sport Sponsorship activities along its regions and sports may help to identify relevant risks.

To effectively identify corruption risks, Sponsors should collect data from various internal and external sources and take regional and sport-specific characteristics into account.

RATE THE INHERENT RISK

Not all risks require the same level of attention and resources. To allocate resources efficiently and effectively to identified risks, it is a good practice to rate both the probability that a risk might occur and the corresponding potential impact of that occurrence.

For smaller Sponsor engagements, (e.g., one time support for a one day event on a local level), risk may be limited and simplified procedures may be justified.

IDENTIFY AND RATE MITIGATING CONTROLS

Once the inherent corruption-related risks associated with Sport Sponsorship and Hospitality are identified and prioritized, the Sponsor can decide on mitigation options.

17. This risk may be exacerbated by Sponsor personnel being geographically isolated from their headquarters, usual suppliers, language barriers, and compliance personnel as well as risk of local laws and customs ignorance.

18. Consider whether acceptance of an offer of Hospitality may be a violation of that key business leader's own entity's Code of Conduct as well.

19. Consider Sponsor vigilance regarding offering Hospitality to certain Chinese media journalists, for instance, as they may be deemed government employees for purposes of the U.S.'s Foreign Corrupt Practices Act of 1977.

Mitigation options to reduce the risk of corruption occurring may include new policies, additional training and communication, due diligence processes, internal controls, whistle-blower hotlines and diligent follow-ups²⁰, as well as monitoring and auditing.

The UN Global Compact Guide for Anti-Corruption Risk Assessment lists two additional steps as part of a comprehensive risk assessment: Calculate residual risk and Develop action plan. These two steps take into account that despite significant efforts to reduce the risk of corruption, it is still possible for such risks to occur. As a result, there will normally be some level of residual risk.

Prudent Sponsors should consider a broader range of potential actions to address residual corruption risk in Sport Sponsorship and Hospitality, including:

- Adjusting the scope of the Sponsor's sponsorship strategy, which may include avoiding or abolishing Sport Sponsorship in certain geographies, sports, or markets, where risk is considered impossible to mitigate sufficiently and reliably;
- Changing business processes or methods so as to reduce or eliminate the area of risk. This may include external verification and benchmarking of Sport Sponsorship Agreements, technology-supported approval procedures for Hospitality requests and reviews of anything of value given to government officials or other individuals by experienced legal, finance and other leaders;
- Avoiding themes or wording in advertisements that might be interpreted in a manner that could reflect negatively on the Sponsor if circumstances surrounding any of the sponsorship elements take a negative turn;
- Enhancing anti-corruption controls through the application of technology. This can include random audits and could especially be useful for Hospitality-related transactions, which may be automated to manage large numbers of requests;



- Requesting assessments and contractual provisions from the Sport Entity regarding its anti-corruption efforts as a prerequisite for being considered as sponsoring partner;
- Providing resources for awareness raising and capacity building for existing or potential Sport Entities; and
- Participating in collective action²¹ initiatives to level the playing field with regard to anti-corruption measures.

For these items, it is an excellent practice to establish a corruption risk response plan as well.

20. Depending on local laws, whistle-blowers may remain anonymous, strict confidentiality can be observed and any retaliation against an individual who raises an issue honestly can be a serious violation of a Sponsors Code of Conduct.

21. A collective action is a collaborative process and sustained cooperation among stakeholders. It increases the impact and credibility of individual action; brings vulnerable individual players into an alliance of similar minded organizations; equals conditions among competitors; and can serve as a supplement or temporarily replace and strengthen the weakness of local laws and practices against corruption.

Step 3: DEFINE

In order to address the specific risks identified in Step 2 (Assess), policies and procedures of the Sponsor's overall anti-corruption programme should include Sport Sponsorship as well as Hospitality. Policies express the Sponsor's standards on a specific topic and help employees as well as Sport Entities understand better the corresponding position of the Sponsor; procedures integrate these policies into day-to-day operations.

DEFINE PROCEDURES FOR SPORT SPONSORSHIP

Addressing the risks of corruption in Sport Sponsorships as part of a clear, visible and accessible policy is an important step. However, without senior leadership commitment and appropriate resources, and defining and implementing concrete procedures that give effect to the policy, the policy may be perceived as irrelevant.

Procedures depend on the scope, period and monetary value of a sponsorship. Small financial support for a one day event may not require the same administrative effort as a four year Sports Sponsorship Agreement with a Sport Entity (i.e., a professional basketball league) amongst various million dollar Sponsors. Comprehensive procedures for major Sport Sponsorships should be defined and implemented with respect to each of the following steps to reduce the risk of corruption and other negative incidents.

These procedures relate to the initial assessment, approval and execution of a Sport Sponsorship request and Sport Entity as well as to the signature and execution of a Sport Sponsorship Agreement. Additional procedures to further mitigate the risk of corruption are outlined in the next chapter (Step 4: "Implement" and Step 5: "Measure"). For smaller sponsorships, a less complex, yet content-similar approach may suffice to fulfil risk prevention goals.



Figure 3: Define procedures to prevent corruption in Sport Sponsorship

I) Submission of the Sponsorship request

A Sport Sponsorship request may be generated from within the Sponsor (e.g., committees or sales departments seeking to engage an athlete to promote the launch of a new product) or from outside the Sponsor (e.g., through an official sponsoring tender²²), or directly or indirectly through a sponsorship broker (e.g., talent agency or a sponsorship request to the Sponsor). Any incoming Sport Sponsorship requests can be submitted to the responsible department or function of the Sponsor²³. A formalized request template, mainly focusing on formalistic requirements and projected return on investment, can facilitate initial approval. Such a template may include, for example, but is not limited to, the following information:

- Title of the Sport Sponsorship;
- Name of the Sport Entity;
- Origin of the sponsorship request (e.g., if an external party recommended the Sport Entity);
- Initial description of the sponsorship, including other potential sponsors involved (e.g., other companies seeking to enter into the Sport Sponsorship Agreement);
- Person responsible for the sponsorship request within the Sponsor (e.g., senior manager);
- Potential or expected benefits and costs of the sponsorship for the Sponsor;
- Statement that the value of the sponsorship request is within the approved budget for Sport Sponsorship initiatives;
- Current or former relationships between the Sponsor and the Sport Entity;
- Risks of this sponsorship for the Sponsor; and
- Other important motivations or considerations.

It is an excellent practice if the department or function responsible for sponsorships accepts responsibility for collecting certain information for risk assessment (Step 2 above).

II) Assessment of the Sponsorship request and Sport Entity

As indicated in Step 2, assessment of requests should be against the Sponsor's overall objectives for engaging in sponsorship activities. Sport Sponsorships are often based on a comprehensive sponsorship strategy, which outlines in detail what the Sponsor desires to achieve in terms of return on investment with the sponsorship. This may include:

- Developing, increasing or changing the reputation of the Sponsor, its brands, and/or products/services;
- Reaching out to new target groups;
- Introducing a new product; and
- Supporting corporate social responsibility initiatives.

If the Sport Sponsorship request does not meet the criteria in the overall strategy, the request should be declined (e.g., request targets a sport that is excluded in the overall strategy).

If the overall criteria are met, the department or function responsible needs to assess the Sport Sponsorship request with regard to business objectives, which should also include compliance objectives.²⁴

Assessing a Sport Sponsorship request in terms of compliance objectives should include the following elements:

Due Diligence on the Sport Sponsorship Request

- Is there potential for a conflict of interest created by the sponsorship request? This could be the case if the Sport Entity has been recommended by an employee who holds a function within the Sport Entity.
- Is there a risk that the sponsorship request can be seen as affording an undue advantage to obtain business? For example, the Sport Entity is related to a major customer with whom contract negotiations are currently ongoing.

22. Similar to regular business opportunities, Sponsors can publicize their criteria for sponsoring, the formal criteria for proposals, the methods used to select Sport Entities, and information about specific Sport Sponsorship opportunities as they arise, giving a due date for proposals and an official and exclusive contact point. Based on UNODC's The United Nations Convention against Corruption: A Strategy for Safeguarding against Corruption in Major Public Events, September 2013. http://www.unodc.org/documents/corruption/Publications/2013/13-84527_Ebook.pdf

23. If a Sponsor does not have a dedicated sponsorship department, their sales and marketing, communications or public relations functions may conduct these activities. Irrespective of a Sponsor's department, responsibility and accountability for the management of sponsorship agreements can be clearly assigned.

24. In case such due diligence activities are considered unnecessary, or reduced due diligence is deemed sufficient (e.g., outstanding and recognized reputation of the sport entity with regards to ethics and compliance), a written document should be submitted to the authorizing body within the Sponsor.

- Is the sponsorship request part of or related to an official tender?
- Is the sponsorship request initiated by a third party (e.g., sponsorship broker)?
- Does the sponsorship request require unusual, disadvantageous or risky commercial conditions (e.g., payment of facilitation fees/provisions or payments to intermediaries)?
- Do national laws prohibit contributions to the potential partner or limit the form or amount of the payment?
- Are there other risks that may indicate that the sponsorship request is unusual or abnormal? For example, the request is highly supported by a member of the public administration or by a public official. Or the sponsorship request has been proposed for no apparent good reason.
- Does the Sport Entity refuse to guarantee compliance with the company's Code of Ethics and/or Code of Conduct for suppliers/Sport Sponsorship?
- Does the Sport Entity refuse to provide the information requested during the due diligence procedure?
- Does the Sport Entity ask for the sponsoring contribution to be paid according to the following schemes?
 - Paid in cash;
 - Paid largely "upfront" (advance payments);
 - Paid to a party other than the sport Entity;
 - Paid to a bank account registered in a country other than the country in which the sport Entity resides or works; and
 - Paid to a numbered bank account, at an offshore bank in a country known as a tax haven.
- Does the Sport Entity request an unusual structure for the sponsorship or Sponsorship Agreement (e.g., tax requirements) or provide incomplete, inaccurate or untruthful information following a request to show supporting documents (e.g., legal proof of granting exclusive marketing rights)?
- Are the proposed commercial conditions in line with experiences or benchmarks, or are the conditions excessive and unreasonable (e.g., inflated commercial conditions may indicate potential kickbacks included in the request)?

Due diligence on the Sport Entity

- Are the circumstances in which the Sport Entity has been identified or presented unusual or abnormal (e.g., the Sport Entity has been recommended by a business partner or by a public official)?
- Is the ownership of the Sport Entity clear? For example, the Sport Entity may be (partly) owned by a major business partner, a public official or by fiduciary companies.
- Does the Sport Entity refuse to provide information on the control chain/ownership structure?
- Is the Sport Entity owned, operated or influenced by public officials or a family member of a public official?
- Is the Sport Entity located in a country with a high risk of corruption? Regarding a country's corruption risk, please refer, e.g., to the annual Corruption Perceptions Index published by Transparency International.
- Is the Sport Entity involved in a sport with a history of high risks of corruption or other unethical behaviour? For example, former incidents of doping and/or match-fixing or a perceived lack of good governance. How did the Sport Entity handle past incidents of corruption or other unethical behaviour?
- Is the Sport Entity duly registered but without major activities or with no or very few personnel, and is its address a "PO box"?
- Is the Sport Entity in a sustainable financial situation?
- Are there any red flags that need to be addressed such as accusations that the sport entity has a reputation for corruption, has been accused, committed for trial or sentenced (particularly in the event of crimes relating to corruption, money laundering or fraud), or has been prohibited or included in exclusion lists?
- Has the Sport Entity terminated sponsorship agreements with other Sponsors without suitable grounds or without a proper justification?
- Has any Sponsor terminated sponsorship agreements with the Sport Entity with or without grounds or without suitable grounds?

The active support and involvement of the Sport Entity in due diligence is crucial and should be a criteria for Sport Sponsorship

eligibility. Such due diligence can be conducted through interviews or a standardized questionnaire, completed by the Sport Entity. For certain aspects, the Sponsor may request additional independent confirmation of information (e.g., regarding ownership structure, registration). The status of sport federations and other Sport Entities differs from country to country. Conditions such as government owned/influenced sport federations contrary to the principle of autonomy of sport should be taken into consideration in assessing sponsorship request and Sport Entity. The due diligence information should be reviewed and validated against available data.²⁵

In case any of these assessments provide indications for potential risks (red flags²⁶), the Sponsor should make an additional effort to conduct more in-depth due diligence investigations. The data and information collected during due diligence, as well as the sources used, should be documented in a summary note with any identified red flags highlighted.

As Sport Sponsorship Agreements can involve complex terms and conditions, it is advisable for big Sponsors and/or major sponsorships to establish a decision-making body (i.e. Committee) that is accountable and in charge of assessing the request as well as the Sport Entity, and negotiating the Sport Sponsorship Agreement.²⁷

The Committee may also seek input from other departments or external advisors related to the sponsorship benefits and risks (e.g., local subsidiaries, external sponsoring and compliance experts).

III) Authorization of the Sponsorship request

Subsequent to the completion of the sponsorship request and Sport Entity assessment and depending on the size, benefits and risks of the sponsorship, senior management can be informed about the request and, where required in terms of the Sponsor's governance system, an authorization obtained.

The sponsorship department or other relevant function should be responsible for keeping record of the documents relating to the Sport Sponsorship request, including the assessment results.

IV) Negotiation and finalization of the Sponsorship Agreement

Once the Sport Sponsorship request has passed relevant, internal assessment and authorization steps, the Sport Entity should be contacted in order to negotiate and finalize a Sport Sponsorship Agreement.

Sport Sponsorship Agreements are in writing and are usually negotiated and drafted by appropriate Sponsor legal personnel in close connection with business personnel. This may include cooperation with the Sponsor's legal, tax, finance, procurement, supplier diversity, ethics and compliance, and public relations and communications departments.

If, for example, with regard to major sport events, a single Sport Sponsoring Agreement is embedded into comprehensive commercial programmes and the negotiation power of the Sponsor therefore limited, these overall anti-corruption approaches can still be pursued. Major Sponsors in such cases can seek collective action to ensure that appropriate anti-corruption measures are in place.

Similar to a customer-supplier relationship, a Sport Sponsorship Agreement should:

- i. Include a detailed description of the Sport Entity, the benefits to be granted to the Sponsor, the obligations of the Sport Entity²⁸, the agreed worth of the sponsorship, the payment terms and currency, the duration of the agreement, and the applicable law and jurisdiction in case of disputes;
- ii. Include contractual safeguards to guarantee that payments made by the Sponsor are only for the performance of the activities/services described in the Sport Sponsorship Agreement, are made exclusively to the Sport Entity, in its country of incorporation, on its registered

25. Such information should include internal data, such as the sport entity's history with the company (e.g., past contracts, employees with a current or past relationship with the Sport Entity) as well as external data. This can include (inter alia) publicly available financial records, electoral documentation, qualifications and membership of organizations, online due diligence and media reports.

26. Risk reference indicators, signalling high-risk corruption issues.

27. Depending on Sponsor size, these committees may be cross-functional, with members of leadership, legal, ethics, compliance, sales, marketing, finance, public relations, purchasing and internal audit personnel.

28. Such obligations can include sponsor exclusivity in a particular product or service category, and prevention of ambush marketing.

- account as indicated in the agreement and never to a numbered account or in cash (this does not preclude payments in another manner that would be deemed as less risky after a proper assessment);
- iii. Include an undertaking from the Sport Entity that the monetary or in-kind contributions shall never be given to a public official or a private party, their family members, for corrupt purposes or transferred, either directly or indirectly, to members of the corporate bodies, directors, or employees of the Sponsor;
 - iv. Include a statement from the Sport Entity that from the moment of signature and during the execution of the signed Sport Sponsorship agreement, its owners, directors, employees or volunteers are or will not be public officials (this declaration has to be provided taking into consideration the eventual public nature of a sport entity, if any); in countries where sport federations are similar to public entities this may be adapted accordingly;
 - v. Specify the Sponsor's right to carry out audits on the Sport Entity in the event that the Sponsor has a reasonable belief that the Sport Entity may have violated the provisions of this Sport Sponsorship Agreement²⁹;
 - vi. Specify the Sport Entity's obligation to inform the Sponsor about any relevant deviation from the contractual terms of the Sport Sponsorship Agreement, including the Code of Conduct (as shown below)³⁰; and
 - vii. Specify the Sponsor's sanctions in case of a violation of the Sport Sponsorship Agreement by the Sport Entity. This may include the right to terminate the agreement, interrupt payments, receive compensation for damages, and exclusion from future sponsorship opportunities. It may also include adjustments of contractual obligations if the aim of the sponsorship is out of reach.

With particular focus on reducing the risk of corruption in the relationship with the Sport Entity as well as other unethical behaviour from the Sport Entity, the Sport Sponsorship Agreement should be complemented by a Code of Conduct. If the Sponsor already has one for business partners in place, it may be sufficient to just add specific references to Sport Sponsorship and Hospitality. Such a Code should focus on protecting the Sponsor's commercial interests and reputation. From an integrity point of view, it should include inter alia the Sport Entity's commitment to comply with all relevant laws, including anti-corruption laws, and a commitment to establish preventive measures to reduce the risk of corruption and other negative incidents.

DEFINE A POLICY FOR HOSPITALITY

Establishing a clear and visible policy for Hospitality as part of the Sponsor's overall policy on gifts is of particular importance, as the borderline between legal and illegal practices in giving and receiving Hospitality is not always clear or may be difficult to clearly define. For example, an invitation of a business partner to a sports match in order to maintain good business relationships is common practice and typically approved, but it is advisable that any undue influence or perception thereof be avoided.

For the biggest sponsorships (e.g., international sponsor of FIFA World Cup™) a specific sponsoring concept, including Hospitality, may be advisable.

An example of a gift and Hospitality policy is shown in Addenda II: Example of a hospitality and gift policy.

29. For an example, please refer to International Chamber of Commerce (ICC), ICC Anti-corruption Clause, 2012. This document includes contract clauses on noncompliance, remedial action and sanctions, dispute resolution, or audit rights.

30. Example clause: "If, at any time during the Term, the sport entity commits any act that brings the sport entity into public disrepute, contempt, corruption, scandal or ridicule, or which shocks or offends the national/international community or any significant groups, classes or countries thereof, or which reflects unfavorably in a material manner upon the Sponsor or reduces the commercial value of the Sponsor's association with the Sport Entity in a material manner, or if the Sport Entity or any associated representative has so conducted him or herself in the past and information about the conduct, actions or statements are made known to the general public or become a matter of public knowledge during the Term, then the Sport Entity shall inform the Sponsor of such occurrences immediately".

DEFINE PROCEDURES FOR HOSPITALITY

Procedures for large scale Hospitality, especially in larger companies, should be defined and implemented in respect of each of the following steps to reduce the risk of corruption in Hospitality:



Figure 4: Define procedures to prevent corruption in sport-related hospitality (giving and receiving)

I) Submission of the Hospitality request

Any employee who considers giving or receiving sport-related Hospitality should submit a standardized pre-approval form to specified or designated personnel of the Sponsor.³¹ The assessment of the Hospitality request may determine that the risk posed by an invitation is too high in terms of unethical conduct or corrupt practices and thus the invitation needs to be declined. It is therefore imperative that no informal invitation or suggestion of an invitation is made until the entire process has been completed. Otherwise, the counterpart may be offended.

In case of a sponsorship of major sport events, it should be considered good business practice that the Sponsor establishes and publishes its sponsoring concept, which inter alia outlines the usage of Hospitality (e.g., tickets, VIP lounge). For such major events, it is advisable to seek general agreements with counterparts to be invited (e.g., public officials) and to provide specific guidelines and communication up front to employees.

II) Assessment of the Hospitality request

Any Hospitality, either offered to or given by the Sponsor's employees or third parties acting on their behalf must be examined to be, from an objective viewpoint, reasonable and in good faith. The assessment of such requests should be performed by a specified or designated official who may be the requestor's supervisor, the Sponsor's compliance department or other authorized personnel charged with governance procedures. Increasingly, technology-based tools support such assessments. An assessment of Hospitality requests should consider the following criteria:³²

- i. **No obligation:** Hospitality is given clearly as an act of appreciation or commercial courtesy and does not place the recipient under any direct or indirect obligation;
- ii. **Made openly:** If Hospitality is given or received secretly and undocumented then the purpose will be open to question (to avoid this, please refer below to "IV Recording of the Hospitality request");
- iii. **Accords with stakeholder perception:** Hospitality would not be viewed unfavourably by other stakeholders if it were to be made known to them;
- iv. **Reasonable value:** Value of the Hospitality is in line with general business practice – assessing the value should comprise the entire Hospitality package, which may include travel expenses (to and from the sport venue) and gifts (e.g., signed jersey from athlete). It should also include the value of tickets that were part of the Sport Sponsorship Agreement;

31. These submissions may be done through an automated, technology-based process if resources allow.

32. Based on Transparency International UK, The 2010 UK Bribery Act Adequate Procedures, 2010.



- v. **Appropriate:** The nature of the Hospitality is appropriate to the relationship and accords with general business practice and local customs;
- vi. **Legality:** Hospitality is compliant with all applicable laws;
- vii. **Conforms to the recipient's rules:** Hospitality meets the rules or Code of Conduct of the Sponsor's organization or - with regard to giving invitation – requests that the recipient confirms to comply with all applicable rules;
- viii. **Infrequent:** Giving or receiving Hospitality is not overly frequent between the giver and the recipient;
- ix. **No cash:** Providing Hospitality is not accompanied by cash payments or cash equivalents (e.g., per diems or gift cards); and
- x. **No extension:** Hospitality is not extended to family members or partners (unless it is seen as acceptable, e.g., attending a sport award ceremony; or a business leader bringing their significant other to meet another business leader's significant other).

In case invitations combine business-related aspects (e.g., symposium) with entertainment-related aspects (e.g., attendance of a sport competition), the former aspects should outweigh the latter.

Any Hospitality, given or received, that does not meet the above-shown criteria should be refused and – where appropriate – forwarded to the relevant governance bodies of the Sponsor (e.g., to use as an example in future trainings).

III) Authorization of Hospitality request

The Sponsor may arrange for different approval levels in relation to specific needs, depending on the assessments described above. This may also include internal processes in case authorizations cannot be obtained for valid or urgent reasons or due to work-related impediments.

The Sponsor's employees may proceed with the Hospitality once approval has been received.

Invitations of public officials to Sport Entity events may undergo more detailed due diligence automatically versus invitations to certain business partners. Again, it is prudent for Sponsors to establish a formal process. Such a process should include, for example, that invitations be made in a transparent manner, e.g., invitations:

- are addressed to the official business address of the public authority which employs the recipient and not personally to the recipient or to the recipient's home address;
- are copied to officials to whom the invitee reports to within the invitee's department or ministry;³³
- contain an accurate description of the type and scope of the invitation (including benefits, such as catering, gratuities, to enable effective authorization);
- authorized employees of Sponsor should be required to personally attend the Sport Entity event along with the invitee to share the experience and deepen relationships; and
- include an explicit reservation that the invitation is subject to the recipient obtaining authorization.

Similar practices should be applied when dealing with business partners or for receiving Hospitality.

IV) Recording of the Hospitality request

Sponsors should document individual Hospitality arrangements (whether given or received) as far as possible. This can be done through an internal Hospitality register. This helps to monitor compliance with the established policies and procedures, and fend off charges if allegations of undue influence or corruption occur.

An example of a Hospitality register is shown in Addenda III: Example of a hospitality register.

Any Hospitality-related expenditure should also be recorded accurately and transparently in the Sponsor's financial books and records with sufficient detail and supported by appropriate documentation that may include a link to a Hospitality Register.

33. In the case of major public events to which several public officials are to be invited, their government agencies can be contacted in advance concerning authorization regulations within the framework of a general concept. Alternatively, the invitation should be issued to the government agencies so that they can choose their own representatives.

Step 4: IMPLEMENT

Policies alone are rarely sufficient in themselves; they are far more effective when the commitment is emphasized by senior leadership and resources allocated towards their achievement, and then they are implemented into day-to-day practices of the Sponsor through a variety of procedures, such as training, communication, internal controls and reporting of violations.

Where appropriate, Sponsors should also engage with Sport Entities to empower them in addressing corruption-related issues and meet the specific objectives set by their contractual obligations. This includes compliance with the Sponsor's Code of Conduct. By ensuring a good working relationship, Sponsors do

not only help themselves to avoid potential liability and reputational damages, but also strengthen anti-corruption efforts, both of the Sponsor and among Sport Entities.

Finally, Sponsors should strive to engage in collective action initiatives to support levelling the playing field as far as anti-corruption measures are concerned among all Sponsors and Sport Entities engaged in Sport Sponsorship. This especially applies where Sport Entities such as FIFA or IOC have considerable negotiating power due to a monopoly and the exclusiveness of their sponsoring rights. Multi-stakeholder forums can as well be used for capacity development.

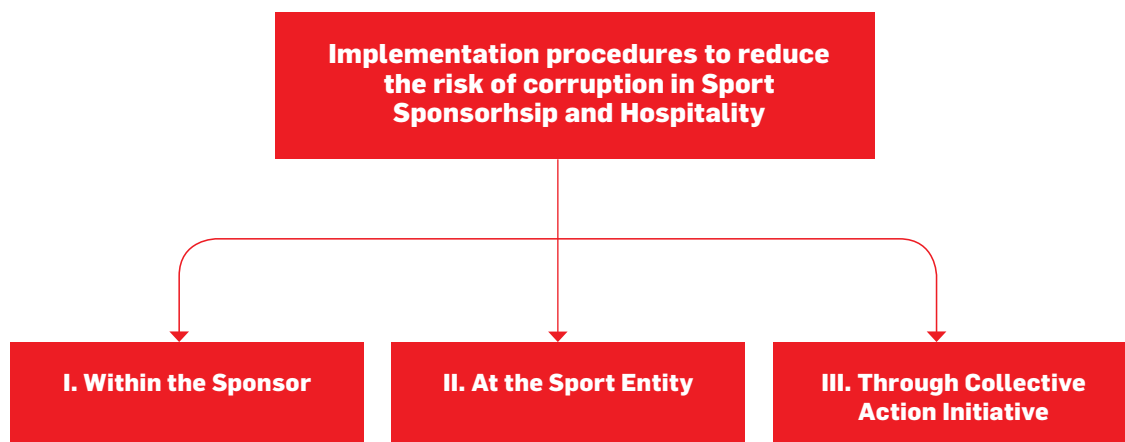


Figure 5: Implement procedures to reduce the risk of corruption

I. Implementation procedures within Sponsor's Company

Sponsors can put a variety of measures in place to ensure that established policies are adhered to by employees. Such measures typically include communication and training, internal controls and record keeping, guidance and reporting hotlines, and sanction and incentive provisions. These measures should be made mandatory for all Sponsor employees, including those in subsidiaries and other entities over which the Sponsor has effective control.

Guidance and reporting channels: Sponsors should provide ways for employees and Sport Entities to seek guidance and suggest improvement. For this, dedicated personnel or departments can be appointed. Alternatively, a hotline may be established. Such channels do not only support employees and stakeholders in the interpretation of the Sponsor's policies and procedures, but also assist in identifying major areas of concerns for additional support and training (e.g., provisions of Hospitality in terms of a major sport event).

Sport Sponsorship Agreements comprise complex transactions that make it difficult to detect irregularities, even for internal control measures or auditors. Thus, reporting on such irregularities is an important way to detect misconduct. The Sponsor should therefore also establish reporting channels to provide information on irregularities. This can again be either done by a dedicated internal or external person (e.g., ombudsman), or via a hotline (also referred to as whistle-blowing hotline). Reporting mechanisms must critically address the risk of retaliation for those reporting misconduct by their colleagues, peers or superiors. This is especially important in the context of Sport Sponsorships, as such engagements are often driven by senior management and linked to high emotions.

II. Implementation procedures at the Sport Entity

Similar to the relationship with its supply chain, Sponsors should be clear about the expected governance from the Sport Entity, making the adherence to the overall Sport Sponsorship Agreement and its relevant Code(s) a contractual obligation, subject to negotiation leverage.

Ideally, Sport Entities already have or are in the process of adopting their own pro-

grammes and systems for preventing corruption and other negative incidents.

Recognizing that Sport Entities may not have the needed level of awareness and governance capacity, instead of excluding them from any sponsoring, the Sponsor should offer its support, such as:

- **Regular meetings** to discuss challenges related to business and compliance objectives and determine solution approaches in a consistent manner;
- **Training and education** for key employees from the Sport Entity; and
- **Expertise** with regard to an anti-corruption strategy and tools.

In case the Sport Entity violates the contractual obligations of the Sport Sponsorship Agreement, it is prudent for Sponsors to be ready to terminate a relationship where necessary. Public announcements of applied sanctions may further increase the motivation of Sport Entities to avoid such sanctions ("noisy withdrawal"), however, to do so may hinder future relationship opportunities, especially if Sponsors abandon Sport Entities (and their stakeholders) during publically perceived challenging times.

Sanctions:

- Imposition of unfavourable conditions (e.g., increased due diligence requirements, reduced commercial compensation)
- Termination of the Sport Sponsorship Agreement
- Indemnification claims (e.g., fines, compensation for damages, losses, expenses, costs, third party claims)
- Exclusion from future sponsorship opportunities
- Withdrawal from particular sports

Dealing with objections by the Sport Entity:

Sponsors can expect a variety of responses from Sport Entities when confronted with the Sponsor's expectations to adhere to compliance-oriented contractual aspects, especially the Sponsor's relevant Code(s).

Like many suppliers, Sport Entities may face difficulties with multiple standards and practices that may be inconsistent. They may object to having to adhere to several contractual terms, being asked to attend training, or may face audits and other monitoring activi-



ties by multiple Sponsors. To avoid duplication of efforts and an unnecessary burden on Sport Entities, Sponsors may consider a multi-stakeholder approach, accepting training or auditing conducted by other Sponsors and exploring if there is a standardized and international best-practice approach to which all Sponsors can agree. Collective action could be an avenue to achieve this kind of coherence (see below).

Sport Entities may request to modify, or be excluded from, contractual terms and Codes of Conduct. There is great value to standard contractual language for all of the Sponsor's suppliers and sponsored Sport Entities, and it is generally not advisable to negotiate issues like anti-corruption measures with each and every Sport Entity. In addition, objections to contractual provisions regarding corruption or other unethical conduct may be a red flag, indicating that the Sport Entity is a particularly high risk.

III. Implement Procedures through Collective Action Initiatives

Sponsors that seek to engage in Sport Sponsorships face highly competitive markets, especially for major sport events or well-known sport federations, teams, clubs and athletes. In such markets, individual Sponsors may lose important contracts if the Sport Entity

is not willing to accept the proposed compliance-related terms and conditions. The Sport Entity may simply turn to other Sponsors with fewer requirements. This can pose specific challenges for the sporting goods industry that has no choice not to engage in sport sponsoring as their products directly refer to sport.

In such cases, Sponsors may seek to establish collective actions of like-minded companies as an advanced step in the fight against corruption, thereby helping to “level the playing field”.

Sponsors that engage in collective action can balance conditions, give credibility to transparency clauses and bring empowerment to a coalition of interests, instead of limited actions from individual Sponsors. Such a collective action can result in a sectorial agreement, which creates conditions of fairness and transparency in the market, by defining clear rules and clean actions between competitors in a specific business sector (corporate self-regulation).

Collective action may also be considered among Sponsors of a specific sport event or sport organization, so that they can incorporate the rules established in this document, proposing common standards among Sponsors. With any collective action, relevant provisions of anti-trust law can be taken in consideration.

Step 5: MEASURE

Continuously monitoring and evaluating a Sponsor's anti-corruption programme is an important task in order to determine whether the policies and procedures are integrated into day-to-day operations and whether the programme is still up-to-date in terms of the Sponsor's business environment.

Monitoring and evaluating the Sponsor's programme also helps to identify ineffective activities that can be optimized. Similar to Step 4 (Implement), monitoring, as well as its monitoring costs, may be shared with other Sponsors (again, if there is collective action).

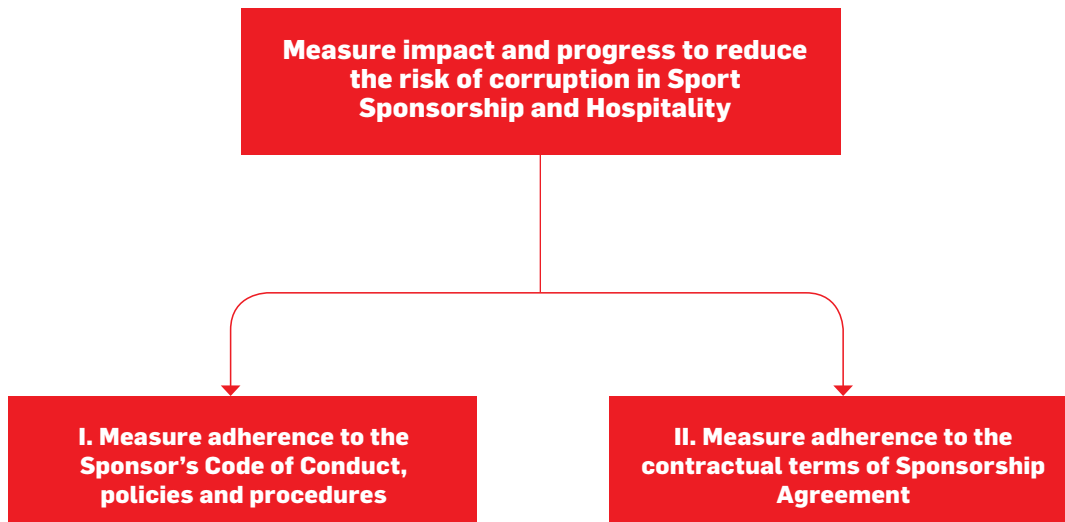


Figure 6: Measure impact and progress



With regard to measuring specific anti-corruption policies and procedures on Sport Sponsorship and Hospitality, it is an excellent practice for Sponsors to consider the following areas:

I. Measure adherence to the Sponsor's Code of Conduct, policies and procedures

Monitoring adherence is essential to assess the effectiveness of the Sponsor's anti-corruption programme. Only if relevant employees are aware and compliant with the Sponsor's policies and procedures on Sport Sponsorship and Hospitality can the risk of corruption be minimized. Sport Entities should also be monitored regarding adherence to the Sponsor's Code of Conduct, or their own Codes of Conduct. This encompasses the existence of preventive measures as well as actual violations. The latter can pose difficulties for Sponsors. Ideally, any corruption-related or other negative incident should be directly reported by the Sport Entity itself to the Sponsor. Such an obligation may be part of the Sport Sponsorship Agreement.

II. Measure Adherence to the contractual terms of Sponsorship Agreement

As outlined in Step 3, the Sport Sponsorship Agreement must clearly state the negotiated contractual terms between the Sponsor and the Sport Entity. A clearly defined monitoring process with regard to anti-corruption should be part of the agreed contractual terms.

Step 6: COMMUNICATE

Public disclosure in terms of anti-corruption is not only an important way of demonstrating the sincerity of the Sponsor's commitment to the UN Global Compact's 10th Principle. It can also provide substantial benefits, such as strengthening internal anti-corruption programmes through increased transparency, enhancing reputation, and providing a common basis for measuring progress and learning from peers. Additionally it sets standards and may have a positive impact on sports, industries and/or countries not yet advanced with regard to anti-corruption measures.

Publicly disclosing the Sponsor's policies and procedures, inter alia on the company's website, could serve as a deterrent to those wishing to act corruptly.



Figure 7: Public disclosure on Sport Sponsorship and Hospitality

I. Public disclosure of the company's policies and procedures

The UN Global Compact – Transparency International Reporting Guidance on the 10th Principle against Corruption sets out and promotes the strong benefits of reporting on anti-corruption. It provides a structured and comprehensive guidance document that encourages thorough and consistent reporting of anti-corruption efforts.

Sponsors that seek to publicly demonstrate their commitment and effort to reduce the risk of corruption in their Sport Sponsorship and Hospitality can use this Reporting

Guidance. The Guidance provides a comprehensive set of 22 reporting elements, which can be reported against in a mainly descriptive manner.

Reporting on a Sponsor's policies and procedures to reduce the risk of corruption in Sport Sponsorship and Hospitality should be integrated into the Sponsor's overall anti-corruption reporting system.

An alignment of a Sponsor's Sport Sponsorship and Hospitality policies and procedures to the reporting elements is reflected in Addenda IV: Public reporting of policies and procedures.

II. Public Disclosure of Sport Sponsorship

Sponsors should publicly disclose their Sport Sponsorships in an accessible manner. This enables public scrutiny to take place and avoids that Sport Sponsorship is perceived as obtaining undue advantages.

Without prejudice to the respect of confidentiality obligations, data protection, competition/anti-trust and other applicable law Sponsors may consider reporting in the following 3 categories:

- **Publish the names of the Sport Entities:** As Sport Sponsorship is done with a marketing and communication strategy in mind, it is in the business' own interest to publish the names of the Sport Entities they sponsor.
- **Publish the overall amount spent on sponsorships:** As Sport Sponsorship is part of regular business conduct, the overall (monetary) amount spent on sponsorships must be part of the Sponsor's financial reports.
- **Publish details about individual sponsorships:** In the interest of transparency and accountability, Sponsors should also consider publishing as much information on their sponsorships as possible, outside the constraints of Sport Sponsorship Agreement confidentiality provisions. This may include information on amounts spent on each individual Sport Sponsorship Agreements, the duration of the agreements and appropriate Hospitality benefits.

Especially with regard to major public events, Sponsors may opt for publishing their sponsoring concept for these particular events.

DEALING WITH OBJECTIONS

Publicly disclosing information on the Sponsor's Sport Sponsorship activities may give rise to a variety of objections, not only from Sport Entities but also from the Sponsor's own employees.

Giving away too much information, resulting in a potential competitive disadvantage by disclosing the individual value of a particular Sport Sponsorship Agreement, is among prominent objections. Sponsors, however, may balance these arguments on a case-by-case basis with the risk that non-disclosure may increase public speculations or even false statements from other stakeholders, which may have severe negative impact on Sponsors and the Sport Entity. In order to increase transparency in Sport Sponsorship, Sponsors should strive to establish collective action initiatives to overcome the potential disadvantages of being a "first mover" (as outlined in Step 4).

Existing Sport Sponsorship Agreements may include a strict confidentiality clause, which prohibits the public disclosure of detailed information. Sponsors should make it therefore part of their negotiation strategy that future contractual terms may allow public disclosure of information about the Sport Sponsorship Agreement as far as reasonable.

Successful examples from other initiatives, like the Extractive Industries Transparency Initiative (EITI)³⁴, have shown that such initial objections to increased transparency can be overcome. According to the EITI, implementing countries are encouraged to publicly disclose any contracts and licenses that provide the terms attached to the exploitation of oil, gas and minerals. Initial objections to these disclosures have been overcome and become benefits to the companies and stakeholders alike.

Some Sponsors are increasingly obliged by legal requirements to disclose such information (see case study below). For example, state-owned companies may fall under national public information laws that require them to actively disclose information of collective or general interest (e.g., sponsoring a major national sport event). Moreover, citizens are empowered to request specific information and documents from such Sponsors.

34. The Extractive Industries Transparency Initiative sets a global standard for revenue transparency in natural resources. Under this standard, companies publish what they pay to governments and governments publish what they receive from companies. Companies benefit from a level playing field in which all companies are required to disclose the same information. As of July 2013, over 70 of the world's largest oil, gas and mining companies support and actively participate in the EITI process.

CASE STUDY: The Brazilian Public Information Act impacts companies with regard to public disclosure of their sport sponsoring activities

18 November 2011 marked in Brazil the enactment of Act n. 12,527, known as the Access to Information Act, which regulates the constitutional right to access to public information. This act decrees that all information produced or held by the government and not classified as confidential shall become accessible to all citizens.

The act follows an international trend. Today some 90 nations, including the United States, United Kingdom, India, Mexico, Chile and Uruguay, already have laws regulating the right of access to information. Along these lines, Brazil has signed treaties, conventions and declarations on this matter, such as: the Universal Declaration of Human Rights, the Inter-American Declaration of Principles on Freedom of Expression, and the International Covenant on Civil and Political Rights.

The Act encompasses public entities that are members of the direct administration of the Executive, Legislative – including the Courts of Auditors, and Judiciary government branches, and of the Public Prosecution Service and local authorities, public foundations, state companies, mixed economy corporations, and other entities controlled directly or indirectly by the Union, States, Federal District, and by the Municipalities.

The three main concepts involved in the Act are: active transparency, passive transparency and information confidentiality.

In active transparency, public entities proactively disclose information of collective or general interest, acting on their own initiative, regardless of whether or not this information has been requested. In this context, the Act requires the information to be made easily accessible, as well as being primary, genuine, authentic and updated, and presented in transparent, clear and easily understandable language.

In passive transparency, any citizen may request specific information and documents. In this context, the Act demands the creation of a Citizen Information Service (CIS) to meet requests, provide guidance for the public on how to access the information, report on the processing of documents and file documents and information access requests. Requests for information need not be justified and must be met within 20 days, with a 10-day extension being granted provided the requester is informed of the reason for the delay. Any denials must be justified and are subject to appeal within the entity itself, to the Office of the Comptroller General (CGU) and the Joint Commission on Information Reevaluation.

Information confidentiality is considered in certain situations and justified for a given period of time, as is in the case of information of a personal nature, related to national security, to industrial property and other legal hypotheses of judicial confidentiality and secrecy.

In the event of a refusal to provide public information, a delay or inaccuracy in the provision of information, disclosure of confidential and personal information, information misclassification due to bad faith, among other illegal behaviours, those responsible shall be subject to disciplinary action under the Administrative Misconduct Act.

In this context, all the companies that are directly or indirectly controlled by the Brazilian Federal Administration will have to disclose on their websites, according to the concept of active transparency, relevant information about contracts, public bids, sponsorships, covenants and travel expenses, among other information. With reference to sponsorship, the information that is required to be disclosed includes: name of the sponsored entity, Tax Payer ID, contract summary, type of bid, entire contract period and contract value.

Petrobras is an example of a company that has to comply with the Public Access to Information Act due to the fact that the Brazilian Federal Administration owns the majority of the voting shares. Petrobras has already put an emphasis on disclosing information to all of its stakeholders, a fact that since 2006 has helped to secure the top score in transparency in the Dow Jones Sustainability Index. The company discloses all the information required by the Act (which includes its sponsorship agreements) on its website. Moreover, the Petrobras Citizen Information Service (CIS) is in place and stands ready to meet the requests and guide the public in accessing the information.

In this context, the Act establishes a regulatory framework, pushing the company and the nation a major step forward in its path toward transparency, contributing to improvements in public management, control and social inclusion, the consolidation of democracy and the fight against corruption.



III. Public disclosure of sport-related hospitality

As part of its internal policies and procedures, Sponsors should document individual value of Hospitality in an internal Hospitality register. This helps monitor compliance and fend off charges if corruption allegations occur.

The question is whether a Sponsor may make such Hospitality transactions public. Increasingly, public sector institutions³⁵ are publishing details of expenses and Hospitality incurred by their most senior officials to demonstrate their commitment to transparency. In such cases information that a Sponsor invited a senior public official to a sports event would be made available through the public sector side.

However, large Sponsors may extend Hospitality invites on a frequent and regular basis rendering publishing impractical.

Publicizing every single event could be counterproductive as it could lead to volumes of information and data that may make things less clear and transparent. Publishing such information indiscriminately may also reduce the likelihood of invitees accepting invitations, thereby defeating the object of extending invites in the first place.

Sponsors should hence publish their policies and procedures with regards to Hospitality, including detailed information when acting as a sponsor for a major public event.

Publishing individual given and received Hospitality may be assessed case by case, such as inviting a large number of public officials to the opening ceremony of a new stadium that bears the Sponsor's name.

35. As an example, see the Cabinet Office in the United Kingdom <http://www.cabinetoffice.gov.uk/resource-library/business-expenses-senior-officials>.

Addenda I: An example for a Code of Conduct of Sport Entities

This Code of Conduct outlines the basic **Integrity and Transparency Principles** that should be expected from sponsored Sport Entities.³⁶ The principles are further supported by concrete recommendations - taken from experience in real life, how to put these principles into action. This should not be regarded as an exhaustive list, but is rather to help Sponsors and Sport Entities understand the importance as well as the content of anti-corruption measures and the prevention of unethical behaviour in sport.

These principles are based on the UN Global Compact Ten Principles but focus on the integrity and transparency point of view. As such they do not attempt to provide a blueprint for a comprehensive sustainable approach by a Sport Entity (i.e., especially environmental and economic criteria are not included).

BASIC PRINCIPLES AND EXAMPLES ON HOW TO PUT INTO ACTION

The <name of the Sport Entity> commits itself to observe the fundamental ethical approach set out in this Code of Conduct and to the principles underlying it:

Principle 1: Prohibition of corruption

The <name of the sport entity> adopts and implements a zero-tolerance approach to corruption, unfair competition and sporting fraud, especially doping, match-fixing and age-fraud.

Put into action:

1. The Sport Entity ensures adherence to the highest standards of integrity, accountability and transparency in all business as well as other interaction and activity, regardless of whether it is sports-related or non-sports-related.
2. The Sport Entity expressly prohibits all forms of misuse or abuse of power for personal gain/advantages, especially corruption, bribery, extortion, and embezzlement and shall not tolerate any such conduct.
3. The Sport Entity puts adequate anti-corruption measures in place.
4. The Sport Entity does not exercise or attempt to exercise any undue influence on politicians, public officials, the media, business partners or any other party and shall not tolerate any such conduct on its behalf or for its benefit. Any lobbying on behalf or by the Sport Entity shall take place in a transparent and responsible manner.
5. The Sport Entity engages in establishing clear and express rules, implementing education- and prevention programmes, with regard to corruption, especially sporting fraud, e.g. doping, match-fixing and age-fraud.
6. The Sport Entity puts whistle-blowing measures in place to be utilised by all employees, volunteers/officials, athletes and stakeholders. Adequate whistle-blower protection should be standard, but special measures should apply with regard to high-risk areas such as doping and match-fixing cases. No individual should suffer retaliation as a result of reporting misconduct.
7. The Sport Entity has appropriate investigative power, disciplinary rules and bodies in place and deals with any suspicion.
8. The Sport Entity does not engage in any behaviour that supports, encourages, provokes or promotes sporting fraud or unfair competition or may be perceived to do any of the aforementioned. Without detracting from the generality of the statement in the preceding sentence, the Sport Entity shall refrain from placing too much pressure on performance, mak-

36. Please note that this Code of Conduct uses the same definitions as outlined in "Key definitions" of this Guide.

ing poor or no payments where payments are due and neglecting to issue clear guidance or exercise proper controls.

9. The Sport Entity accepts sponsoring by a betting company only if
 - i. The betting company is legal under the Sports Entity's jurisdiction, and
 - ii. Both –the Sports Entity as well as the betting company– have strict conflicts of interests policies in place to avoid any occurrence or even perception of manipulation of competition to obtain betting advantages.

Principle 2: Financial transparency and accountability

The <name of the Sport Entity > commits itself to the highest standard of transparency and accountability in respect of recordkeeping and reporting as it relates to its financial positions and transactions. This commitment includes an undertaking to comply with all relevant and applicable accounting standards and to ensure transparency on sponsoring relationships and hospitality.

Put into action:

1. The Sport Entity reports on its financial matters in a transparent, comprehensive way and as a minimum adhere to all relevant financial reporting standards.
2. The Sport Entity uses a standard accounting system commensurate to the size of its operational- and sponsorship budget.
3. The Sport Entity performs a proper due diligence on any potential contractor (supplier, sponsor, etc.) that will be required to perform any material service before engaging with such contractor.
4. The Sport Entity engages to make sponsorship agreements and other contractual arrangements transparent to all its stakeholders, including employees, volunteers and athletes, to the extent that it will not infringe on the legitimate commercial interests of the contractual partner.
5. The Sport Entity does not accept offshore image right deals with individual athletes.

Principle 3: Avoidance of conflicts of interest

The decisions of the Sport Entity shall not be influenced by any undue interests or advantages (including invitations or gifts) offered,

and any such offers or attempted offers shall be refused outright. The Sport Entity demands the same of its employees, volunteers/officials, athletes, and its partners.

Put into action:

1. The Sport Entity adopts an adequate conflict of interest policy that must include provision for the publicly available register for the declaration of interests to be completed by all senior administrative employees and volunteers/officials (elected members of bodies).
2. The Sport Entity includes in the conflict of interest policy specific provisions dealing with what will be considered to be undue advantages (gifts, invitations, discounts, immaterial advantages like honorary membership, etc., aimed at exerting undue influence or gaining an undue advantage).
3. The Sport Entity ensures that any kind of relationship to a betting company takes into account the necessity of preventing an impact onto the competition in the Sports Entity and its athletes engage in.
4. The Sport Entity provides clear guidance on the treatment of hospitality. This guidance should inter alia deal with the distribution of VIP tickets, what is understood under the concept of sponsoring and hospitality and the disclosure of invitations offered and/or accepted.

Principle 4: Legal compliance

The Sport Entity complies with all relevant laws and regulation, all applicable sporting codes or rules, contractual obligations and any additional standard applicable. Without limiting the scope of this principle, it shall apply to all data protection or privacy laws as well as measures aimed at the protection of inside information, intellectual property and trade secrets.

Put into action:

1. The Sport Entity implements measures to ensure compliance with all relevant international and national laws and regulation, all applicable sporting codes or rules and any additional standard applicable.
2. The Sport Entity engages to support and educate its members, athletes, employees, volunteers/officials, business partners and

others in complying with all international and national laws and regulation, all applicable sporting codes or rules and any additional standard applicable.

3. The Sport Entity takes care of sensitive data of athletes, especially data on health and injuries shall only be published with the agreement of the athlete.

Principle 5: Human rights and non-discrimination

The Sport Entity observes and protects all basic human rights and the human dignity of all their employees, volunteers, athletes, opponents, spectators and supporters. The observation of basic human rights will include clear actions to reject, indicate zero tolerance of and actively fight any discrimination³⁷, be it for race, colour, origin, caste, religion, gender, sexual orientation, disability, political opinion or age.

Put into action:

1. The Sport Entity acknowledges that human rights are at the centre of any sport activity and the observance of basic human rights is one of the principles listed above.
2. The Sport Entity positively engages in ensuring that no corporal punishment or any coercion is exercised on any athletes, and special care should be taken that this is the case where minors are involved.
3. The Sport Entity respects the rights of parents of athletes. The rights of parents should however be balanced against the rights of the athletes and, where necessary, minor athletes should be protected from their parents' unrealistic ambitions or demands by refraining from any support for activities that might be dangerous for a minor.
4. The Sport Entity takes care that under-age athletes have unhindered access to proper basic education, including mental development and the development of life skills, in order to prepare athletes for life outside of a professional sport career. This should include preparation for alternative careers after conclusion of the professional sport career, support for independence from a professional sport career and the

possibility of a dual career. At the very least there should be no barriers to basic education and life skills development.

5. The Sport Entity does not tolerate any form of harassment or discrimination. In doing so the Sport Entity will ensure that employees, volunteers and athletes have equal opportunities. No form of insulting or violent (both physical and psychological) treatment, including sexual harassment or abuse and/or insulting language, shall be tolerated. Special care should be taken that minors are not exposed to any of this type of behaviour. The Sport Entity will engage in influencing all spectators in order to behave accordingly in order to protect athletes from harassment by the spectators, crowds or audiences in attendance.

Principle 6: Labour rights and stakeholder involvement

The Sport Entity actively supports the principles of the International Labour Organization (ILO) in respect of their relationships with employees, professional athletes and volunteers, and will involve their stakeholders accordingly.

Put into action:

1. The Sport Entity does not tolerate any form of child labour and/or forced labour. This prohibition applies to athletes as well, and specific protection should be afforded to minors in this regard. A fair and transparent transfer system with strict regulations regarding minors must be in place to prevent any kind of human trafficking and exploitation in sport.
2. The Sport Entity guarantees freedom of association and appropriate participation for employees and volunteers in administration and also for professional athletes, coaches and other support personnel.
3. The Sport Entity ensures that the wages, benefits, and working hours of employees, volunteers (as far as appropriate), professional athletes and coaches meet minimum standards, where such specific standards exist, but that it at least complies with all relevant labour laws and the ILO principles.

37. The Oxford Dictionary defines discrimination as: "the unjust or prejudicial treatment of different categories of people".

4. The Sport Entity ensures that appropriate measures are in place for the protection of athletes in the event of physical or financial harm due to sport-related injuries and accidents.
 5. The Sport Entity supports professional athletes in preparing for their post-career life.
 6. The Sport Entity ensures that athletes earning their living or a considerable part of their living by sport are subject to all regulations for professional athletes and not falsely treated as amateurs,.
 7. The Sport Entity rewards all volunteers fairly and adequately for their contributions. Volunteers should also be provided with appropriate participation in decision-making, training on the job, knowledge transfer and an adequate structure of support (insurance, allowances, access to meals, etc.).
 8. The Sport Entity does not subject employees, volunteers or athletes to unacceptable working hours or working conditions.
 9. The Sport Entity analyses its stakeholders (such as professional and amateur athletes, coaches, referees, officials, clubs, leagues, players' agents, supporters, sponsors and other commercial partners, media, municipality and other public authorities, civil society) and involves them accordingly, thus guaranteeing a minimum standard of representation (consultation and/or participating in decision-making processes). The process of stakeholder involvement should be transparent and obligatory.
2. The Sport Entity gives special attention to the safety of professional and amateur athletes with regard to minimizing the risk of sport-related accidents, and measures taken shall be commensurate with the level of risk posed by a specific sport.
 3. The Sport Entity engages to implement adequate measures to protect the physical well-being and health of professional and amateur athletes. The schedule and format of events should be determined in a manner that will not place the financial interests of the sport entity or any sponsor/TV-partner above the physical well-being and health of the athletes. Examples include ensuring that no events are held in extreme weather conditions such as heat, pollution, cold and the like as well as that proper allowance is made for adequate rest periods in the events or competition calendar.
 4. The Sport Entity ensures that coaches, medical advisors, athletes, parents of minor athletes and all other support personnel are well informed about the potential negative impact of nutrition supplements and medicine abuse, for example, strong painkillers and similar non prohibited substances. This is in addition to a total ban on the use of all illegal substances or substances that appear on a list of prohibited substances issued by a relevant body. The sport entity in addition educates coaches, medical advisors, athletes, parents of minor athletes and all other support personnel and others accordingly with a view to prevent health risks.
 5. The Sport Entity engages to ensure that all sports events and competitions are organized in a manner that ensures the protection of the health and safety of spectators and the general public. This means that unhealthy conditions for spectators (heat, etc.), risks of violence and accidents emanating from the competition itself or the infrastructure used for it should be avoided or mitigated.

Principle 7: Health and safety

The Sport Entity engages to ensure a safe and healthy operating environment for employees, volunteers, athletes (including opponents) and spectators.

Put into action:

1. The Sport Entity ensures safe and healthy working conditions for all employees and volunteers. In creating a safe and healthy working environment, the specific circumstances of all employees

Addenda II: Example of a hospitality and gift policy

A generic example of a hospitality and gift policy could be framed as follows:³⁸

1. [Name of company] does not permit any employee of [Name of company], directly or indirectly, and whether in his/her personal capacity or on behalf of [name of company]
 - to solicit any gift or hospitality in the course of his/her employment;
 - to offer or give to, or receive from, any Connected Person any of the following:
 - » a personal or corporate gift in excess of a value of [...];and
 - » hospitality in excess of a value of [...];
 - to offer, give, or receive any gift or hospitality that is in breach of the applicable law. Consequently, the law must be checked before any gift or hospitality is offered, given or received.
A “Connected Person” means any organization or individual (other than an employee of [name of company]) who has had, has, or may have any connection with or influence over the business of [name of company].
2. In exceptional circumstances, [name of company] may exercise its discretion so as to permit gifts or hospitality to exceed the thresholds specified in paragraph 1. Such discretion is exercised by [specify a senior executive, e.g., chief executive or finance director].
3. All employees of [name of company] are required to enter details into a register of all gifts and hospitality made and received that are permitted under paragraphs 1 and 2. The register is inspected regularly by the management of [name of company] and by its auditors.
4. In the interests of transparency, this gifts and hospitality policy is published on the internal website of [name of company].
5. In order to ensure that all employees are bound by this gifts and hospitality policy and fully understand it:
 - Compliance with this gifts and hospitality policy is a condition of each employee’s employment contract;
 - Compliance with this gifts and hospitality policy is required under name of company]’s Code; and
 - Guidance as to how to comply with this gifts and hospitality policy forms part of the anti-corruption training provided to employees.
6. [Name of company] will use all reasonable efforts to ensure compliance with this gifts and hospitality policy.
7. If any person, whether or not an employee of [name of company], is aware of any gift or hospitality that is or may be in breach of this gifts and hospitality policy, he or she may make a report to [specify the name and contact details of the officer responsible for corporate governance]. This report may be made anonymously.

38. Derived from Global Infrastructure Anti-Corruption Centre, Anti-Corruption Tools, Gifts and Hospitality Policy.

Addenda III: Example of a hospitality register

A company should document individual hospitality – giving and receiving – in an internal hospitality register. This helps to monitor compliance with the established policies and procedures, but also to fend off charges if corruption allegations occur.

Anti-corruption legislations, such as the UK Bribery Act 2010, recognize that hospitality that is reasonable, proportionate and made in good faith is an established and important part of doing business; but also recognizes that hospitality could form the basis for corrupt offenses.³⁹

Any hospitality offered to, or received by, the company's employees (even if refused) should be recorded accurately and transparently in this register, which includes the following information:

| | |
|---|--|
| Date when hospitality was given or received | |
| Name of the company's employee who offered or received hospitality (incl. employee ID) | |
| Name of direct supervisor of the employee | |
| Name of the partner (organization and person) that received or gave the hospitality | |
| Description of hospitality (incl. location) | |
| Rationale for offering or receiving hospitality | |
| Date of offer or receipt of the hospitality | |
| Statement on the nature of the benefit (e.g., meal, travel expenses, tickets) | |
| Current or estimated value of the hospitality | |
| If relevant, indication of the refusal and related reasons | |

Each entry in the hospitality register should also include receipts for expenses incurred relevant pre-approval forms from authorized personnel.

If national law does not provide otherwise, it is in the discretion of the company to publish the hospitality register in parts or entirely.

39. http://www.cps.gov.uk/legal/a_to_c/bribery_act_2010/#a17.

Addenda IV: Public reporting of policies and procedures

Public reporting on anti-corruption is not only an important way of demonstrating the sincerity of the company's commitment to the UN Global Compact's 10th Principle. It also provides substantial benefits, such as strengthening internal anti-corruption programmes through increased transparency, enhancing reputation and providing a common basis for measuring progress and learning from peers. In 2009, the UN Global Compact and Transparency International published the Reporting Guidance on the 10th Principle Against Corruption to provide comprehensive guidance for a thorough and consistent reporting of a company's anti-corruption efforts.

This Reporting Guidance provides a comprehensive set of 22 reporting elements that can be reported against in a mainly descriptive manner. Seven elements (Bx) are considered to be the basic level of reporting; 15 elements (Dx) give the opportunity to report more extensively on the company's anti-corruption policies and procedures.

In the following, a company's sport sponsoring and hospitality policies and procedures are aligned to the reporting elements of this Guidance.

| Commitment and Policy | | | |
|-----------------------|--|---|---|
| B1 | Publicly stated commitment to work against corruption in all its forms, including bribery and extortion | → | <ul style="list-style-type: none"> • Provide your organization's statement against corruption in sport sponsorship and hospitality. • Describe where the statement can be found publicly (e.g., website, corporate citizenship report). |
| B2 | Commitment to be in compliance with all relevant laws, including anti-corruption laws | → | <ul style="list-style-type: none"> • Provide a public written statement that you are committed to be in compliance with all relevant laws and indicate where this statement is published. • Describe your procedures and efforts with regard to that statement. |
| D1 | Publicly stated formal policy of zero tolerance of corruption | → | <ul style="list-style-type: none"> • Describe the extent to which the zero tolerance against corruption in sport sponsorship and hospitality covers all legal entities and locations over which you have effective control. |
| D2 | Statement of support for international and regional legal frameworks, such as the UN Convention against Corruption | → | <i>Only applicable to the company's overall anti-corruption commitment.</i> |

| Commitment and Policy | | | |
|-----------------------|---|---|--|
| D3 | Carrying out risk assessment of potential areas of corruption | → | <ul style="list-style-type: none"> Describe your current risk assessment procedures (e.g., how to conduct a risk assessment on sport entities, on sport sponsoring requests, how often it is carried out, who is in charge, which parts of your organization are covered, how results are dealt with). Describe the business units and subsidiaries for which a risk assessment on sport sponsorship and hospitality has been undertaken. |
| D4 | Detailed policies for high-risk areas of corruption | → | <ul style="list-style-type: none"> List the areas of potential risk of corruption that are covered by detailed policies (e.g., promise, offering or giving, directly or indirectly, of an undue advantage to obtain sponsorship; solicit or accept undue advantages from the sport entity to establish a sponsorship relationship; conflicts of interest; misuse of sponsorship and/or hospitality to obtain an undue advantage; other unethical behaviour by the sponsored sport entity). Describe where these policies can be found and how they are made available to all employees and sport entities concerned. |
| D5 | Policy on anti-corruption regarding business partners | → | <ul style="list-style-type: none"> Outline your definition of sport entities. Describe how your organization's anti-corruption commitment extends to the sponsored sport entities (e.g., specific provisions in the Code of Conduct for suppliers/sport entities) as well as how anti-corruption commitments from your sponsored sport entities extend to your organization. Describe your identified high-risk sport entities by sport segment or region. Specify detailed policies for sport entities. |
| Implementation | | | |
| B3 | Translation of the anti-corruption commitment into actions | → | <ul style="list-style-type: none"> Report on the existence and the elements in your anti-corruption programme regarding sport sponsorship and hospitality. Describe the assignment of responsibility to oversee and implement the relevant policies and procedures. |

| Implementation | | | |
|----------------|--|---|--|
| B4 | Support by the organization's leadership for anti-corruption | → | <ul style="list-style-type: none"> • Describe your organization's leadership message regarding zero tolerance of corruption in sport sponsorship and hospitality. • Describe the form of expression (e.g., corporate social responsibility report, speaking at employee events prior to a major public event). |
| B5 | Communication and training on the anti-corruption commitment for all employees | → | <ul style="list-style-type: none"> • Describe internal communication such as sport-event newsletter, management communications, publications, business conduct guidelines, internet or intranet resources. • Provide monitoring measures such as results of surveys of employee attitudes towards using hospitality for relationship building, publications in local languages. • Describe the frequency of such communications (e.g., quarterly, biannually, annually, sport-event based). • Describe sport sponsorship and hospitality-related training initiatives. • Explain whether the communications and/or the training resources have been translated into multiple languages and if so, indicate the principal languages. |
| B6 | Internal checks and balances to ensure consistency with the anti-corruption commitment | → | <ul style="list-style-type: none"> • Describe specific internal checks and balances such as segregation of duties for request and approval of sport Sponsorship agreements, audit plans, expense and invoicing guidelines, etc., aimed at detecting and/ or preventing corruption. • Describe how often you review these internal checks and balances. |
| D6 | Actions taken to encourage business partners to implement anti-corruption commitments | → | <ul style="list-style-type: none"> • Outline your definition and scope of sport entities (e.g., individual athletes, teams, sport federations) • Describe specific communication measures and actions, such as training taken to encourage your sponsored sport entities to implement anti-corruption programmes and measures to prevent other unethical behaviour. • Describe the process of monitoring the effectiveness of such communication measures and actions (e.g., measuring the value of sport sponsoring agreements). |

| Implementation | | | |
|----------------|---|---|--|
| D7 | Management responsibility and accountability for implementation of the anti-corruption commitment or policy | → | <ul style="list-style-type: none"> Describe how responsibilities for sport sponsorship and hospitality are assigned throughout your organizational structure. Provide, if possible, specific reporting indicators used in your organization to support responsibility and accountability for implementation of the policies and procedures. |
| D8 | Human Resources procedures supporting the anti-corruption commitment or policy | → | <ul style="list-style-type: none"> Describe how your organization implements documented personnel policies and processes that support the commitment of zero tolerance for corruption in sport sponsorship and hospitality, including references to how these were developed (e.g., including consultation with employees, sport entities, unions). Report measures of activities and results, such as percentages of recruits that have received relevant orientation or numbers of employees dismissed for noncompliance with relevant policies. |
| D9 | Communications (whistle-blowing) channels and follow-up mechanisms for reporting concerns or seeking advice | → | <ul style="list-style-type: none"> Describe individual solutions already implemented or envisaged (e.g., utilization of company's reporting channels by sport entities). Provide statistics on the use of the whistle-blowing, advice or hot lines. Specify a breakdown of the types of inquiries, provided this will not lead to a breach of confidentiality or security for the reporting employees. |
| D10 | Internal accounting and auditing procedures related to anticorruption | → | <ul style="list-style-type: none"> Describe the internal control policies and processes (e.g., frequency, scope of organizational coverage, degree of control automation, international frameworks used). Report whether internal and external audits have taken place regarding sport sponsorship and sport-related hospitality. Report on the specific mandates given to the audit function, internal and external where applicable. |
| D11 | Participation in voluntary anti-corruption initiatives | → | <ul style="list-style-type: none"> List voluntary initiatives or collaborative actions in which your organization participates with regard to sport sponsorship (e.g., International Sponsoring Associations). Specify the type of involvement (active/passive membership) as well as duration of membership. |

| Monitoring | | | |
|------------|---|---|--|
| B7 | Monitoring and improvement processes | → | <ul style="list-style-type: none"> • Describe the process in place to undertake monitoring of your internal process, the sport sponsorship agreement and the behaviour of the sponsored sport entity. • Describe who is responsible for the process, how often it takes place and how results are taken into account, including review and oversight by senior management and/ or the Board or appropriate Board Committees. • Describe the procedures for internal and external communication of the monitoring and improvement process and the results. |
| D12 | Leadership review of monitoring and improvement results | → | <ul style="list-style-type: none"> • Describe the oversight of the review process (e.g., who has ultimate oversight over sport sponsorship, who conducts the review, who reviews the results, frequency of reviews). • Describe actions taken, including improvement results. |
| D13 | Dealing with incidents | → | <ul style="list-style-type: none"> • State that there is a process in place for dealing with incidents, including remedial steps. • Describe the process. • State the nature and number of incidents dealt with and the number of disciplinary actions. |
| D14 | Public legal cases regarding corruption | → | <ul style="list-style-type: none"> • List in a corporate publication (such as your annual report or sustainability report or on your website) any current public investigations, prosecutions or closed cases (avoid stating any information that may be misleading or compromising). |
| D15 | Use of independent external assurance of anti-corruption programmes | → | <ul style="list-style-type: none"> • State that an external assurance (or any kind of external verification or assessment) of your anti-corruption programme with regard to sport sponsorship and/or hospitality has been carried out. • Specify the nature and the scope of such an external assurance, i.e., if assurance has been on the programme design and/or effectiveness of the programme. • Specify the scope of the engagement, e.g., company, subsidiary, business unit or function. • Describe if the outcomes of an external assurance are publicly available. |

While this Guidance is originally intended for companies to report on their overall anti-corruption efforts, sponsoring companies may also use this structure to request information from sport entities regarding their related efforts.

Annex 1: Anti-Corruption Tools and Resources

- A Guide for Anti-Corruption Risk Assessment (UNGC, 2013)
http://www.unglobalcompact.org/docs/issues_doc/Anti-Corruption/UNGC_AntiCorruptionReporting.pdf
- The Fight Against Corruption: E-Learning Tool (UNGC/UNODC, 2010)
<http://thefightagainstcorruption.org/certificate/>
- Fighting Corruption in the Supply Chain: A Guide for Customers and Suppliers (UNGC, 2010)
http://www.unglobalcompact.org/docs/issues_doc/Anti-Corruption/Fighting_Corruption_Supply_Chain.pdf
- Reporting Guidance on the 10th Principle Against Corruption (UNGC, Transparency International, 2009)
http://www.unglobalcompact.org/docs/issues_doc/Anti-Corruption/UNGC_AntiCorruptionReporting.pdf
- RESIST – Resisting Extortion and Solicitation in International Transactions (UNGC/ICC/Transparency International/WEF, 2009)
<http://unglobalcompact.org/resources/157>
- The United Nations Convention against Corruption: A Strategy for Safeguarding against Corruption in Major Public Events (UNODC, 2013)
http://www.unodc.org/documents/corruption/Publications/2013/13-84527_Ebook.pdf
- Criminalization approaches to combat match-fixing and illegal/irregular betting: a global perspective. Comparative study on the applicability of criminal law provisions concerning match-fixing and illegal/irregular betting (UNODC/ IOC, 2013)
http://www.unodc.org/documents/corruption/Publications/2013/Criminalization_approaches_to_combat_match-fixing.pdf
- Business Principles for Countering Bribery – Small and Medium enterprise (SME) Edition (Transparency International, 2008)
http://www.transparency.org/whatwedo/tools/business_principles_for_countering_bribery_sme_edition/1/
- Business Principles for Countering Bribery (Transparency International, 2009)
http://www.transparency.org/whatwedo/tools/business_principles_for_countering_bribery/1/
- Basic Universal Principles of Good Governance of the Olympic and Sport Movement (International Olympic Committee, 2009)
http://www.olympic.org/Documents/Conferences_Forums_and_Events/2008_seminar_autonomy/Basic_Universal_Principles_of_Good_Governance.pdf
- Guidelines for Good Governance in Grassroots Sport (International Sport and Culture association ISCA, Transparency International; 2013)
http://www.isca-web.org/files/GGGS_WEB/Files/Guidelines_for_Good_Governance_in_Grassroots_Sport.pdf

To download these resources and to access the complete list of anti-corruption tools and resources, please visit: http://www.unglobalcompact.org/Issues/transparency_anticorruption/Anti-Corruption_Guidance_Material.html

Annex 2: Case study on Collective Action (Step 4: Implement) – “Clean Games Sectoral Agreement – business sector unites against Corruption in the FIFA World Cup 2014 and the 2016 Olympic Games in Brazil”

In December 2010, the Ethos Institute, with support from the Siemens Integrity Initiative, launched the Clean Games Inside and Outside the Stadiums project. The project aims to promote greater transparency and integrity of infrastructure investments in the 2014 FIFA World Cup and the 2016 Olympic Games, through the creation of mechanisms for collective action, monitoring and social control.

One example of collective action is a Sectoral Agreement. Following the steps of implementation developed by Transparency International (TI), the Clean Games Sectoral Agreements are being concluded in the sectors of healthcare equipment and energy provision. The construction and transportation sectors will be targeted next.

Main goals of the sectoral agreements are:

- a. To build an unprecedented agreement on ethics and transparency;
- b. To identify and map risks of the sector throughout the production chain and its business relationships;
- c. To identify measures and mechanisms to prevent and combat corruption in investments for the 2014 World Cup and 2016 Olympic Games.

These goals should be realized by using a methodology that focuses on engaging the main players in the sectors (at least 60% of the market) and building confidence between competitors. When a company signs the sectoral agreement, this information is disclosed to the other companies invited, reinforcing the invitation to join the working group. Seminars and public events are organized to persuade companies in joining the network, and to overcome possible reservations they might have. At these events, companies that are not yet signatories also receive a presenta-

tion and invitation to the Business Pact for Integrity and Against Corruption.

After the establishment of the working groups, next steps according to TI are:

- Disseminate/explain/share content knowledge of the Business Principles to fight bribery;
- Identify areas vulnerable to bribery (Risk Map);
- Define measures to fight against bribery;
- The formation of an Ethics Committee;
- Agreeing upon a budget, and the contributions of individual companies, ensuring the basic operations of the agreement and the Ethics Committee;
- Sign the agreement.

MEASURES TO COMBAT BRIBERY

The working group will agree upon a document that identifies the main issues with regard to combating bribery by the corporate sector. Furthermore, the document will specify measures to be implemented by the companies in their respective organizations and business relationships, in order to comply with the commitments they made in the Business Pact for Integrity and Against Corruption.

The Ten Principles of the United Nations Global Compact

The UN Global Compact asks companies to embrace, support and enact, within their sphere of influence, a set of core values in the areas of human rights, labour standards, the environment, and anti-corruption:

HUMAN RIGHTS

- Principle 1 Businesses should support and respect the protection of internationally proclaimed human rights; and
- Principle 2 make sure that they are not complicit in human rights abuses.

LABOUR

- Principle 3 Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- Principle 4 the elimination of all forms of forced and compulsory labour;
- Principle 5 the effective abolition of child labour; and
- Principle 6 the elimination of discrimination in respect of employment and occupation.

ENVIRONMENT

- Principle 7 Businesses should support a precautionary approach to environmental challenges;
- Principle 8 undertake initiatives to promote greater environmental responsibility; and
- Principle 9 encourage the development and diffusion of environmentally friendly technologies.

ANTI-CORRUPTION

- Principle 10 Businesses should work against corruption in all its forms, including extortion and bribery.

