



United Nations Global Compact

Fighting corruption in sport sponsorship and sport-related hospitality

A practical guide for companies

- DRAFT FOR CONSULTATION -

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Foreword

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Welcome Message from Georg Kell

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About this Guide

Sport – almost no other topic can catch the attention of hundreds of millions of people around the world and unites them to share the passion for a favourite player, 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 social status, of mentality, culture, of faith and individual physical handicaps. Sport provides role models, idols and heroes, to which entire generations look up to. The attributes and attitudes of sport stars have lasting effects on the values of our society and especially on young people.

Consequently, sporting events are prestigious affairs and have become a popular platform for companies to gain public visibility and awareness and to establish an emotional engagement with fans. Sport is not only the most valuable and most attractive media content in general, but events like the Olympic Games, the FIFA World Cup tournaments and international championships in basketball, hockey, rugby, cricket, to name but a few, reach a large audience and generate the equivalent of billions of US dollars of revenue. Worldwide, there are about 4 billion sports fans, and the economic importance of media rights, merchandising, ticketing, event marketing, and tourism around the sport are enormous.

Sport sponsorship can help companies to enter new markets, to create a certain image of a brand and to establish a positive, emotional link to their products and services. It can contribute to a positive development of sport as a tool to support peace, human dignity and education, thus acting in a socially responsible way.

This holds true for large, multinational organizations as well as small and medium-sized enterprises, both using sport sponsorship and sport-related hospitality as an important tool in their marketing and communication strategy.

On the other hand, sport entities need a professional environment conducive to achieving peak performance. In addition to governmental support, companies help to increase the exposure and the quality of sport through sponsoring. Based on a study, sport sponsorship accounts for almost 30% of the total sports market, with an expected average growth rate of 5.3% globally.¹

Sport sponsorship and sport-related hospitality, such as inviting a client to attend a sport event, are legal and legitimate transactions. Unfortunately, the opportunity for companies to potentially benefit from involvement in sporting events also means that there is the risk that such involvement could be tainted by corruption. Furthermore, companies face operational challenges when establishing preventive measures to reduce the risk of corrupt activities.

¹ PricewaterhouseCoopers, Changing the game - Outlook for the global sports market to 2015, December 2011.

Sport sponsorship:

- The typical **high monetary value of sport sponsorship** contributes to the risk of corruption, e.g., bribery, embezzlement, money laundering.
- Sport is a **very emotional topic** and is sometimes perceived as “outside the rules”, where internal compliance rules and processes are disregarded or set aside in order to establish a sponsorship relation.
- The tangible and intangible values of a sport sponsorship agreement are **difficult to measure**, making due diligence and monitoring even more difficult than in regular procurement.
- Some sport entities have a specific structure that relies on volunteers in senior positions and are driven more by a sport-fan attitude than by business principles.
- Sport entities may **not have the same level of awareness and governance mechanisms** as the company itself.
- Sport sponsorship is often based on **close-knit relationships** among sporting officials, politicians, businesses and the media.

The risks and operational challenges for companies as sport sponsors are not limited to the way the sponsorship itself is organized. Companies may also face risks in sponsoring, even if the sponsorship process is conducted correctly and transparently but the sport entity behaves unethically (e.g., single athlete engages in doping or a sport team is involved in match-fixing).

Sport-related hospitality:

- Hospitality can often create **uncertainty** in respect to what is considered to be reasonable and bona fide and what is inappropriate.
- **Awareness of negative consequences** of inappropriate hospitality is low.
- Sport-related hospitality may provide a **high emotional value for low costs** (e.g., invitation to the client’s favourite local cricket team), making it an appealing and often used business practice.
- Companies may face operational difficulties in **tracking the final recipients and ultimate beneficiary of hospitality**.

In this context, the UN Global Compact Working Group on the 10th Principle appointed a Taskforce to create a practical guide for companies fighting corruption in sport sponsorship and sport-related hospitality.

The objective of this Guide is to give practical guidance to companies of all sizes on how to approach sport sponsorship and sport-related hospitality in a transparent and accountable manner in order to address associated major risks of corruption in sport sponsorship and sport-related hospitalities.

This Guide was created over the course of 22 months (from February 2012 until November 2013) by the Taskforce, which included business practitioners, anti-corruption experts, and international and non-governmental organizations:

Members of the Taskforce (in alphabetical order):

- **Coca-Cola:** Bruce Strothers
- **ENI:** Nicola Romeo
- **Fachverband für Sponsoring und Sonderwerbeformen e.V.:** Oliver Kaiser (*co-chair*)
- **HUMBOLDT-VIADRINA School of Governance:** Sven Biermann (*co-chair*)
- **Instituto Ethos Brazil:** Betina Sarue, Marina Martins Ferro
- **Microsoft:** Odell Guyton
- **MTN Nigeria:** Uto Ukpanah
- **Petrobras:** Luiz Claudio Sampaio
- **Sanlam:** Jacques Marnewicke (*co-chair*)
- **System Capital Management:** Jock Mendoza-Wilson
- **Transparency International:** Sylvia Schenk
- **UN Global Compact:** Olajobi Makinwa, Moramay Navarro Perez
- **UN Office on Drugs and Crime:** Julia Pilgrim, Maria Adomeit
- **UN Office on Sports for Development and Peace:** Poul Hansen

Observers of the Taskforce (in alphabetical order):

- **Companies and Investors National Committee Brazil**
- **UNI global union:** Walter Palmer

Extensive consultation was conducted to ensure the usefulness and user-friendliness of the Guide through individual expert reviews, a public request for consultation, as well as individual consultations with UN Global Compact Local Networks.

The Guide thus represents a global, multi-stakeholder endeavour to support companies in their efforts to adhere to the United Nations Global Compact 10th Principle.

The UN Global Compact 10th Principle

On 24 June 2004, the first UN Global Compact Leaders' Summit announced that the UN Global Compact, the world's largest corporate sustainability initiative, had adopted a 10th Principle against corruption: ***'Businesses should work against corruption in all its forms, including extortion and bribery.'*** The adoption of the 10th Principle sent a strong worldwide signal that the private sector and other non-state-actors share responsibility for eliminating corruption and stand ready to play their part. 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 10th Principle was the response of the business community and other non-state actors to the adoption of the United Nations Convention against Corruption. With this in mind, the UN Global Compact Leaders' Summit in 2004 designated the UN Convention against Corruption as the underlying legal instrument for the new 10th Principle. Although the Convention 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 enshrined in the Convention can serve as an inspirational tool for companies adopting or reviewing internal anti-corruption policies, strategies and measures.

Following adoption of the 10th Principle, the UN Global Compact established a multi-stakeholder working group to provide strategic input to the UN Global Compact's work on anti-corruption and to define the needs of the business community in implementing the principle.

The Working Group on the Implementation of the UN Global Compact's 10th Principle also aims to contribute to greater coherence by supporting the alignment of existing initiatives and avoiding the duplication of efforts.

The Working Group has established several Taskforces to develop various tools and resources to help businesses achieve the goals of the 10th Principle. This Guide is the result of one such effort.

Structure of this Guide

Following a definition of the major terminologies, this Guide contains three principal sections:

1. **Sport Sponsorship and Sport-Related Hospitality as Part of the Supply Chain:** The relationship that a company engages in with sport entities is similar to the relationship with its general product and service suppliers. Companies should treat such sport entities as a part of their supply chain. In doing so companies will demonstrate that mitigation of corruption risks in sport sponsorship and sport-related hospitality is not treated as a separate exercise but builds rather upon existing practices and experiences of the company's regular supply chain management.
2. **The Business Case for Fighting Corruption in Sport Sponsorship and Sport-Related Hospitality:** Sport sponsorship and sport-related hospitality offer unique benefits for both the company as well as the sport entity. However, measures need to be put in place to ensure that this beneficial relationship is not tainted by corruption or other unethical behaviour. This section outlines the business benefits of sport sponsorship and sport-related hospitality and makes a strong case for establishing tailored policies and procedures to prevent corruption and other unethical behaviour.
3. **Preventing Corruption in Sport Sponsorship and Sport-Related Hospitality:** The UN Global Compact recommends to its participants to consider using its Management Model in fighting corruption and implementing the 10th Principle, as well as for each of the other three Global Compact issue areas. This Model guides companies through an easy-to-understand 6-step process. Based on this Model, the Guide provides practical information for companies to apply this process of formally committing to, assessing, defining, implementing, measuring and communicating their measures to fight corruption in sport sponsorship and sport-related hospitality.²



Figure 1: UN Global Compact Management Model (2010)

Finally, the Addendas provide further practical guidance, including a company's **Code of Conduct for sport entities**.

² This generic Management Model can also be used to established tailored policies and procedures for other forms of sponsorship, such as cultural events.

The Definition of "Corruption" and the UN Global Compact

Corruption often is defined 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 UN Convention against Corruption, 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, the international community reached global consensus on a large number of manifestations of corruption while leaving each State free to go beyond the minimum standards set forth in the Convention. The Convention calls for ratifying States 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. These corrupt actions are spelled out under the chapter of the Convention devoted to criminalization and law enforcement, which explains that corruption is a crime that is wider than bribery and extortion.

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.

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Key definitions

Company

Company, entity or individual entering into the sport sponsorship agreement with the sport entity. This may include

- commercial enterprises or -organisations that are independent of the sports industry;
- commercial enterprises or -organisations that are part of the sports industry;
- media enterprises or -organisations;
- an undertaking or enterprise established specifically for the purpose of entering into a sport sponsorship.

Sport entity

- Athletes as individual natural persons, 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;
- Individual natural persons associated with sport and who are subject to sport sponsorship or covered by a sport sponsorship agreement; and
- sport teams, sport clubs, sport federations, event organizers³.

Sport sponsorship

Promotional initiatives in which a company undertakes to obtain and a sport entity undertakes to provide, in exchange for a specific value, the rights to associate the name or distinctive mark of a company with the activity of the sport entity in order to promote the company's exposure, identity, brand or products/services in a positive manner. Sport sponsorship is based on the performance by a company and a reciprocal performance of a sport entity, and should therefore be differentiated from other forms of promotion, such as patronages, donations or corporate social responsibility activities.

³ References to sport entities where it appears in this Guide should be read in context as it may be a reference to all or any of the persons or entities named in the definition. Some references may only be relevant to natural persons, other only to non-natural entities and yet others to both natural persons and legal entities.

Sport sponsorship agreement

A contract between a company and a sport entity that defines:

- the value the company will provide to the sport entity,
- the payment terms the company will apply; and

the benefits that the company will receive from the sport entity in exposure and/or commercial terms (such as, for example, indicating the company as its main sponsor, brand visibility, inclusion of the company's logo on advertising posters/brochures, and so on).

Value

Value may include, but is not limited to, money, discounts, sports equipment, other material assets, services, broadcasting/media outreach.

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1. Sport Sponsorship and Sport-Related Hospitality as Part of the Supply Chain

Sponsorship includes the expectation of a return service, often in the form of advertising and brand exposure for the company. Companies that sponsor their favourite athlete, club, team, federation or event enter into a sponsor – rights-holder relationship with benefits and obligations on both sides.

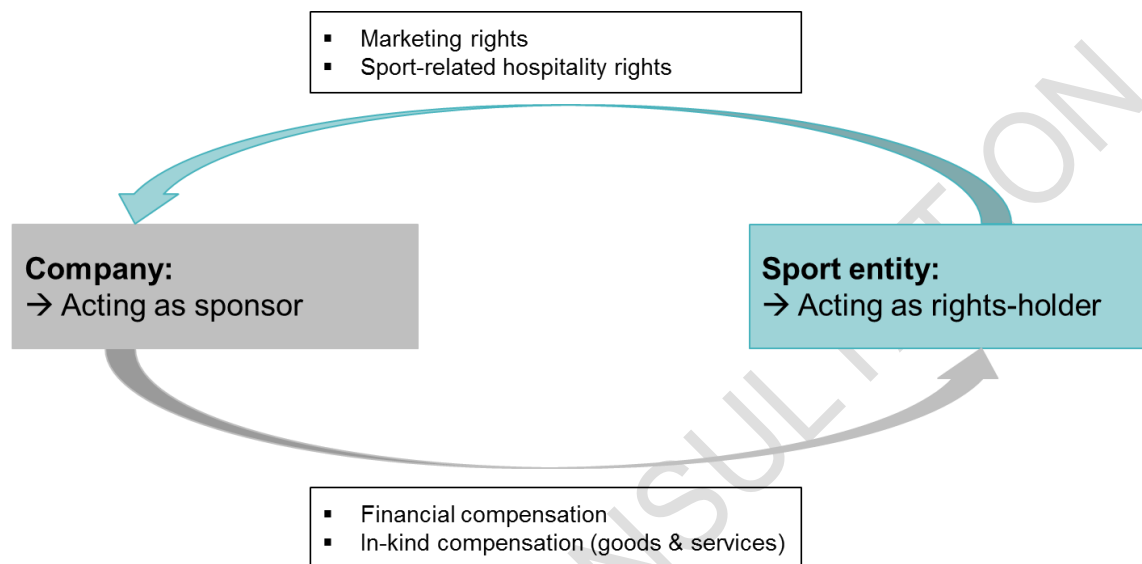


Figure 2: Sponsor – Rights-holder relationship in sport sponsorship

A **sport entity** offers a broad range of communicative and sales-oriented rights to the company. *Marketing rights* typically comprise the integration of the company's logo on communication mediums⁴ and the ability to offer “money can't buy” experiences to customers/fans, such as access to internal facilities, meet & greet with stars. The marketing rights may be either exclusively awarded to a company 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 *sport-related 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 to use a sky box in a stadium during the entire sport season by the company.

A **company** compensates the sport entity for the marketing rights and (if applicable) for sport-related 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).⁵

⁴ Examples of marketing rights contain branding/advertising spaces and rights such as perimeter boards, flags, promotion rights, coaches' bench, sport shirts, poster, 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).

⁵ Obtaining sport-related hospitality opportunities is not always confined to sponsoring. Companies can obtain such opportunities without sponsoring a sport entity.

As such, sport sponsorship and sport-related hospitality are legal and legitimate transactions between the company and the sport entity. Hence, the relationship that a company engages in with a sport entity is similar to the relationship with its general product and service suppliers. Companies should therefore treat sport entities as a part of their supply chain. This means that addressing risks, such as corruption or other unethical behaviour, requires a two-fold approach: establishing effective internal measures to reduce such risks within the company, and to 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 companies.

Companies 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.

Furthermore, companies also need to address risks originating from inappropriate behaviour of the sport entity. Such risks can come directly out of the relationship (e.g., a sport entity demands a bribe from the company in order to grant marketing rights). Even if the transactions between the company and the sport entity are conducted in a correct and transparent manner, the company faces risks if the sport entity behaves unethically in other areas (e.g., engagement in match-fixing, doping).

In order to address the risk of corrupt or other unethical behaviour, it is not enough to simply demand compliance with contractual obligations. Companies should engage proactively with sport entities in order to support capacity building in terms of preventive measures. In this context, companies can draw on their experiences from similar activities with other business partners in their supply chain (e.g., training of suppliers). Such an engagement, going beyond simply trying to dictate compliance and move toward awareness and capacity, is beneficial for the company as well as the sport entity, as outlined in the following chapter.

The United Nations 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*⁶.

⁶ For more information on supply chain sustainability see also *United Nations Global Compact, Supply Chain Sustainability – A Practical Guide for Continuous Improvement*, 2010.

2. The Business Case for Fighting Corruption in Sport Sponsorship and Sport-Related Hospitality

Sport sponsorship and sport-related hospitality offer unique benefits for both, the company as well as the sport entity. However, measures need to be put in place to ensure that this beneficial relationship is not tainted by corruption or other unethical behaviour.

The value of sport sponsorship and sport-related hospitality

Companies, both large multinational companies as well as small and medium-sized enterprises, turn to sport sponsorship and sport-related hospitality as an important tool in their marketing, business development, and relationship building strategy.

The sponsorship of sport entities gives companies the possibility to **reach large audiences**, be it on a 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 people⁷, 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 networks⁸.

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. Companies can raise positive associations with a certain brand by using the positive image and emotions that the audience links to sports.

Sponsorship in grassroots sport additionally gives opportunities of supporting the local community and/or important social issues.

Sport-related hospitality offers **networking opportunities** with business partners in order to improve the company's public relations. Often, sport-related 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 sport-related hospitality hold great benefits for the *sport entities*. Today's sport, be it professional and high performance or grassroots sport, cannot survive without sponsorship. Professional athletes need professional conditions for achieving peak performance. Additionally to governmental support that may exist, company sponsors help to increase the exposure and the quality of sport entities.

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

⁷ <http://www.reuters.com/article/2010/07/13/us-football-idUSTRE66C0ZV20100713>

⁸ <http://www.forbes.com/sites/aliciajessop/2012/06/14/the-surge-of-the-nbas-international-viewership-and-popularity/>

In the last two decades sport-related hospitality, as part of the financing of venues, has helped to improve the standard of stadiums and arenas fundamentally, thus opening sport events to 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 sport-related hospitality, however, do not only provide benefits for the companies and the sport entities. Any negative incident concerning either the direct relationship between either parties or any negative behaviour of the sport entity can lead to a widespread scandal foiling the aim that originally led to the sponsorship.

Preventing corruption – the company perspective

The business case for companies to *fight corruption in sport sponsorship* stems from risks related to the giving or receiving of bribes to establish the sponsorship. Further, sport sponsorships also bear the risks of misuse to obtain an undue advantage (e.g., winning a commercial contract in exchange for a sport sponsorship).

The business case for companies to *fight corruption in sport-related hospitality* is of similar nature. Companies need to address the risk that such hospitality can potentially be misused to obtain an undue advantage.

However, the business case for companies to fight corruption in sport sponsorship and sport-related hospitality cannot be limited to corruption in a narrow sense of the word. The business case must also include reducing the risk of *other unethical behaviour* by the sport entity. For example, doping is a major reputational risk for companies and therefore has to be addressed as well. The same applies to a lack of good governance and transparency with regard to financial matters, a deficiency in quite many sport entities.

*This Guide differentiates between **two areas** where corruption can occur:*

- *Corruption in the relationship, between the company and the sport entity (e.g., offering of bribes to win a sponsorship) as well as with other business partners.*
- *Corruption and other unethical behaviour by the sport entity itself. Such behaviour may comprise acts referred to as "corruption on the field" and "corruption off the field", as well as other illegal or inappropriate behaviour.⁹*

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

⁹ "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. "Corruption off the field" (also referred to as "management corruption") relates to noncompetition decisions made by sporting officials and governing bodies. 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, fraudulent elections of governing officials, etc.

I. Corruption in the relationship

A company 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. Further, sport sponsorship is sometimes treated as "outside the rules" within the company (e.g., if sponsorship is explicitly demanded by the senior management of the company). In such cases, compliance rules and processes may be disregarded or set aside in order to establish a sponsorship relation.

Companies must address a variety of corruption-related risks within their own operations:

- **The promise, offering or giving, directly or indirectly, of an undue advantage to obtain sponsorship.** Companies 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 members of the sport entity to win a sponsorship contract (especially in the case of high-profile 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 company's interest.
- **Misuse of sponsorship to obtain an undue advantage.** Sponsorship may also be misused to gain an undue competitive advantage. For instance, a company may sponsor a client's favourite or even associated sport team primarily for the purpose of obtaining a commercial contract from the client. In such cases, sport sponsorship is misused to subterfuge corrupt payments. The fact that the real value of a sponsorship is hard to measure and that compliance programmes up to now seldomly reflect the special circumstances under which sponsorships are negotiated and executed adds to this risk.
- **Misuse of sport-related hospitality to obtain an undue advantage.** Sport-related hospitality may also be misused to unduly influence business partners or public officials. Therefore, this needs specific attention, 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 gain an undue advantage (e.g., receiving a public contract, obtaining critical licenses).

Additional corruption-related risks that stem from the company's own activities related to sport sponsorship or sport-related hospitality may include money-laundering, infringement of anti-trust regulation or fraud.

Companies face also the risks that ***their own employees solicit or accept undue advantages (e.g., in the form of corrupt payments) from the sport entity to establish a sponsorship relationship***, for example, for less prestigious sport entities or events.

Companies may also face the risk of being forced into a sport sponsorship relationship, especially when refusing to engage in such a relationship may result in serious consequences for the company (**extortion**). This may be the case when sport entities are closely related to public officials or major business partners.

II. Corrupt and other unethical behaviour by the sport entity

The risks for companies are not limited to the above-shown typical relationship-related corruption risks. Companies also face (mainly reputational) risks if the sports entity behaves negatively – on and off the field – even if the relationship between both parties is carried out in a correct and transparent way. The value of 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 will be negated or could even be turned around. Thus, companies can damage their own reputation and incur consequential negative financial implications by engaging with a sports entity that shows forms of corruption or other unethical behaviour.¹⁰

Forms of unethical behaviour include:

- *Doping* – by athletes and teams
- *Match-fixing* – by athletes, teams, referees, team official and instances where there is a total absence of preventive measures by a sport entity
- *Illegal betting* – by athletes, referees, officials, or others involved with the sport entity
- *Problem gambling/gambling addiction* – by athletes, coaches or officials
- *Racism* – by athletes, officials, fans or others involved with the sport entity
- *Violence/Hooliganism* – by athletes, fans or spectators
- *Accidents* – lack of adequate preventative measures, especially where big audiences or crowds are involved or where athletes engage in dangerous sports such as luge, Formula 1 and the like
- *Sexual misconduct* – by athletes, coaches, officials or others involved with the sport entity
- *Tax fraud* – by athletes, teams, officials, sport federations, event organisers, etc.
- *Corruption* in all formats, including within elections in a federation, transfers, awarding of major events, obtaining of sponsorship contracts or TV broadcasting rights, within construction and infrastructure development for major public events like Olympic Games

The sport entity may also have a lack of awareness and knowledge concerning anti-corruption practices. This lack of awareness adds to the challenge that some sport entities do not subject themselves to general good governance procedures.

Sponsorship often requires a significant investment from companies. Consequently, companies need to put measures in place to safeguard their business interest and reputation and follow their corporate social responsibility regime.

Such a responsibility should be seen as even more critical if the sponsorship targets the youth. Sport can foster ethical standards and fair play, and athletes may serve as a role model for young people.

¹⁰ Corruption in sports may also come from sporting officials (e.g., referees seeking to influence the outcomes of a sport competition). However, as of today such officials are not primary targets of sport sponsorships from companies and are hence not listed in this Guide.

Preventing corruption – the sport entity perspective

This Guide addresses primarily companies to increase their awareness of corruption and other related risks in sport sponsorship and sport-related hospitality and provide practical information to establish preventive measures.

It needs to be recognized, however, that a company cannot do it alone. Referring to the overarching concept of the customer-supplier relationship, sport entities should take advantages of the parallels with the fight against corruption. Sport entities that establish effective measures to combat corruption and other unethical behaviour in their own organizations will not only reduce costs and avoid potential liabilities; such measures will also facilitate relationships with existing and new sponsors who will have more trust and feel less inclined to mandate their own standards and to insist on disruptive monitoring and enforcement activities. Finally, it makes sport entities more attractive as a sponsorship target for ethically oriented, reputation-focused and risk-conscious companies.

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3. Preventing Corruption in Sport Sponsorship and Sport-Related Hospitality

This chapter outlines **six sequential steps**, according to the UN Global Compact Management Model, that need to be carried out by companies on a continuous basis to address the corruption-related risks associated with sport sponsorship and sport-related hospitalities:

1. **Commit:** Senior management needs to ensure that the company's commitment to a zero-tolerance of corruption includes sport sponsorship and sport-related hospitality. Relevant policies and procedures need to be integrated into the company's existing anti-corruption programme.
2. **Assess:** Risks related to sport sponsorship and sport-related hospitality need to be identified and assessed; activities to mitigate such inherent risks need to be determined, documented and executed.
3. **Define:** Tailored policies and procedures for sport sponsorships as well as sport-related hospitality need to be established in order to address the risks identified under Step 2.
4. **Implement:** Policies need to be integrated into day-to-day procedures, through measures like training, communication, internal controls and reporting violations. Companies should also seek to support the sport entity to meet the company's Code of Conduct for sport entities. Individual companies may fear a competitive disadvantage when requesting measures to avoid corruption and other unethical behaviour from the sport entity. Companies should therefore strive to engage in collective action initiatives to support the levelling of the playing field.
5. **Measure:** Continuously monitoring a company's anti-corruption programme is an important activity in order to evaluate whether the programme is still in line with the company's business environment. But measuring must go beyond the company's own policies and procedures and include measuring the adherence to the contractual terms as well as adherence of the sport entity towards the company's Code of Conduct for sport entities.
6. **Communicate:** Public disclosure on anti-corruption is an important way of demonstrating the sincerity of the company's commitment to the Global Compact's 10th Principle. Companies should publicly disclose their sport sponsorships and sport-related hospitality policies and procedures as well as relevant information on their sport sponsoring agreements.

This Guide assumes that the company has already established an anti-corruption programme, consisting of policies and procedures such as training & communication, internal controls, and monitoring. Tailored policies and procedures to prevent corruption in sport sponsorship and sport-related hospitality should therefore be integrated into existing measures.

The chapter aims to provide practical guidance to companies but should not be seen as providing an exhaustive list of absolute measures to be implemented without further consideration. Every company must consider this guidance in the context of its own unique and specific circumstances that should include consideration of the overall objectives of the sport sponsorship, the company's Code of Conduct, policies and procedures, its overall risk profile and risk appetite; and all relevant legislation, regulation, conventions or other rules that may be applicable to the company, the sport entity involved and the sport sponsorship itself.

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Step 1: Commit

Sport sponsorship and sport-related hospitality should be seen as an ideal opportunity to combine business opportunities with social responsibility, contributing to a positive development of sport as a tool to support peace, human dignity and education.

For this, companies should commit to integrate basic ethical principles with regards to sport sponsoring and sport-related hospitality in their existing guidelines, such as a “Code of Ethics” or similar document. For example:

The <name of the company> sees sport sponsorship and sport-related hospitality not just as a marketing instrument like any other but is committed to the Fundamental Principles of Olympism, as laid down in the Olympic Charter, especially in principles one and two:

1. *Olympism seeks to create a way of life based on the joy of effort, the educational value of good example and respect for universal fundamental ethical principles.*
2. *The goal of Olympism is to place sport at the service of the harmonious development of man, with a view to promoting a peaceful society concerned with the preservation of human dignity.*

With its sport sponsorship the <name of the company> wants 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 its reputation and reach new/additional audiences for its products/brand/services.

Such a “Code of Ethics” or similar document, including principles regarding sport sponsorship and sport-related hospitality, should be made applicable to all employees and strongly supported by the senior management of the company. Senior management needs to make a strong stand that any deviating behaviour will not be tolerated and that this commitment is supported by financial and human resources to establish preventive measures.

Consequently, the company’s overall anti-corruption programme needs to include policies and procedures to reduce the risk of corruption in sport sponsorship and sport-related hospitality. Such a commitment comprises the following principles:

- **Responsibility and accountability** for the management of sport sponsorship agreements and sport-related hospitality must be established.
- **Tailored risk assessments** for sport sponsorship and sport-related hospitality needs to be conducted, building on the outcomes of the company’s regular risk assessment activities (Step 2).
- **Clear, visible and accessible policies** prohibiting corruption in sport sponsorship and sport-related hospitality must be established or, in case anti-corruption policies already exist, a relevant statement needs to be integrated in such policies (Step 3).
- **Procedures**, tailored to business circumstances, culture, and risk factors, must be defined to implement these policies. These procedures should not be seen as stand-alone activities but rather be treated as part of the company’s supply chain activities,

applying the same rigorous internal processes to sport entities as it applies to other suppliers (Step 4).

- Continuous **measuring** of the sport entities' behaviour and adherence to the agreed contractual terms (Step 5) must be conducted.
- All relevant information regarding sport sponsorship and sport-related hospitality should be **publicly disclosed** (Step 6).

Furthermore, the company should demand commitment to its fundamental principles also from the sponsored sport entities by establishing a **Code of Conduct for sport entities**. Such a Code of Conduct should be part of the overall contractual relationship and outline the expected behaviour from the sport entities (Addenda I: A company's Code of Conduct for sport entities). The Code does not only include a commitment from the sport entity to refrain from corrupt acts or other unethical behaviour but also to establish preventive measures to support such a commitment. The company should be committed to support the sport entity in establishing such measures, e.g., through awareness raising or training. At the same time, the company must be ready to terminate an existing sponsorship relationship (including the right to be indemnified for relevant damages and losses) or refrain from engaging with reluctant sport entities in case its requirements are not met by the sport entity.

Finally, companies should seek **commitment to collective action initiatives** among the sponsors of a sport entity, especially of major sport events (e.g., World Championships, FIFA World Cup, Olympic Games). An exemplary guideline for this purpose is "The United Nations Convention against Corruption (UNCAC) as a Framework to Mainstream Anti-corruption Safeguards for the Organization of Major Public Events" (see below). This guideline identifies good practices, based on UNCAC, for preventing corruption in the organization of major public events, for dissemination and use among relevant stakeholders, both in governments and the private sector.

The United Nations Convention against Corruption (UNCAC)

The United Nations Convention against Corruption (UNCAC) was adopted by the United Nations General Assembly in October 2003 and entered into force on 14 December 2005. As the sole global, legally binding anti-corruption instrument, UNCAC provides a unique opportunity to prevent and fight corruption in both public and private sectors. With this in mind, the United Nations Global Compact Leaders' Summit in 2004 designated UNCAC as the underlying legal instrument for the 10th Principle against corruption.

Like all international treaties, UNCAC is only legally binding on States that have ratified it. However, this does not imply that there is no bearing on the private sector. States that are a party to the Convention are required to implement its provisions through the adoption of national legislation, policies and practices. UNCAC contains a number of provisions that, while addressed to States, have a direct impact on the corporate community. The overall goal of these provisions is to avert market distortions and combat unfair competition.

Article 12 of UNCAC calls for action to prevent corruption involving the private sector and cooperation between the private sector and law enforcement agencies through enhanced awareness, knowledge and capacity building. This includes ensuring that private enterprises have sufficient internal auditing controls to assist in preventing and detecting acts of corruption and that their accounts and required financial statements are subject to appropriate auditing and certification procedures. In the context of sports sponsorships and sport-related hospitalities, close cooperation between the organizing authority and relevant private entities is very important and can be supported by concrete measures such as those provided in article 12 (2) of UNCAC. These measures can focus on: promoting good commercial and contractual practices in the relations of businesses with those responsible for the organization of the event; training business actors involved in the sponsorship arrangements; preventing conflicts of interest; and ensuring transparency within the private entities, including transparency relating to sport sponsorship agreements and the distribution of sport-related hospitalities.

Articles 15 and 16 of UNCAC require State parties to criminalize bribery of public officials. Article 21 requires States parties to consider adopting legislation and other measures not only to prevent bribery in the private sector, but also to establish it as a criminal offence in law. In addition, article 26 requires State parties to establish liability of legal persons, which might be criminal, making a commercial organization liable to prosecution if a person associated with it bribes another person intending to obtain or retain an advantage in the conduct of business for that organization.

The United Nations Office on Drugs and Crime (UNODC), as the guardian of the Convention, has been entrusted with its promotion and implementation.

UNODC has published a report on good practices, based on UNCAC, for preventing corruption in the organization of major public events, including major sports events.

The report highlights the unique corruption risks related to the organization of major public events: It involves significant resources, large amounts of funds and complex logistical arrangements within tight time frames. Even when well-established regulatory systems exist, the organization of major events can create new opportunities for corruption and may require targeted action to identify, assess and manage the additional risk. On the other hand, the organization of a major event provides an opportunity to demonstrate the efficacy of key corruption prevention measures and to leave a positive legacy of integrity in large public sector projects.

UNODC's report covers a wide range of issues related to the organization of major public events, 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 report 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 report was developed through broad consultations with experts from governments, sports federations, intergovernmental organizations, the private sector and civil society.

Step 2: Assess

Preventing and fighting corruption effectively, and proportionately, means understanding the risks the company may be facing, including the corruption-related risks associated with sport sponsorship and sport-related hospitality. Therefore, the company must establish a process that regularly assesses the company's corruption-related risks. An anti-corruption risk assessment, broadly defined, encompasses the variety of mechanisms that a company uses to estimate the likelihood of occurrence of corrupt acts (e.g., a sponsorship is used to gain an undue advantage from a major client), and the negative effects such an act might have for the company (e.g., liability, negative press).

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



Figure 3: Generic risk assessment approach¹¹

This approach can also be used to conduct specific risk assessments for sport sponsorship and sport-related hospitality.¹² 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 personnel on the reputational risks of sport sponsorship).

Detailed guidance on how to conduct due diligence on individual sport sponsorship requests and sport-related hospitality transactions are described in Step 3 ("Define") and Step 4 ("Implement").

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 sport-related hospitality.

¹¹ This chapter is structured according to the *UN Global Compact, A Guide for Anti-Corruption Risk Assessment*, 2013. For more supportive information, please consult this guide.

¹² In case the company already has an existing overall anti-corruption risk assessment approach, this specific risk assessment should be included.

Establish the process

Before conducting specific risk assessments on sport sponsorship and sport-related hospitality, companies should define operational roles and responsibilities, operational processes (e.g., timing, frequency, collection and aggregation of data, stakeholders involved) and oversight for these activities.

A solid understanding of corruption-related risks associated with sport sponsorship and sport-related hospitality and potential legal, commercial, as well as reputational consequences, is a prerequisite for a thorough assessment. It is therefore useful to raise awareness with business functions that will be involved in the process, such as legal, compliance, internal audit, public relations, marketing and communications.

It is also valuable to determine the risk tolerance level early in the risk assessment process, involving the Board of Directors, Audit Committees or other bodies or persons charged with governance. A number of major incidents of corruption in the past have involved situations where, with hindsight, management was taking on more corruption risk than those charged with governance were aware of and would have considered tolerable. Establishing a risk tolerance allows companies to have a means to identify which risks are most critical and important for them to focus on and to allocate scarce resources to. This is especially important for reputational risks.

Establishing the process also requires the determination how the risk assessment is documented. A common and practical approach is to identify and document each risk factor, risk and scheme individually in a spreadsheet or database as part of a “risk register”. This risk register could also serve as a tool to document the ratings for each risk and scheme as well as the programmes and controls that mitigate each risk.

Identify the risks

The risks of corruption for companies engaging in sport sponsorship and sport-related hospitality can stem from two major areas:¹³

- Corruption in the relationship, either between the company and the sponsored sport entity or other business partners, and
- Corruption or other unethical behaviour by the sponsored sport entity itself.

As a starting point in the identification of such risks, the company should draw upon the outcome of its regular overall anti-corruption risk assessment to obtain an overview of the company's current risk profile. Such a broad risk assessment may have already identified amongst others industries, countries or business activities where a high risk of corruption is estimated.

¹³ For more information, please refer to chapter 2: The Business Case for Fighting Corruption in Sport Sponsorship and Sport-Related Hospitality.

Such information should be used as an initial indication but needs to be complemented by a thorough identification of other factors influencing the risk of corruption occurring, such as:

- Subsidiaries or joint venture partners that already sponsor or even own a sport entity (e.g., soccer team);
- Engagement of third party agents for establishing sport sponsorship agreements (e.g., rights company or sponsorship brokers) or conducting sport-related hospitality (e.g., travel agents);
- 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 and capacities regarding the prevention of corruption and other unethical behaviour;
- Potential conflicts of interests between company representatives and sport entities (e.g., senior manager sits on the board of a sports team);
- Launch of new products or services that require extensive and pressed-for-time brand building;
- Countries/regions/industries where sport sponsorship is part of the business culture;
- Existing processes to track and document the final recipients and ultimate beneficiary of hospitality;
- Employee perception regarding the usage of hospitality towards relationship building (especially in countries where the cost of inviting business partners to a sport event is low);
- Business functions that require extensive relationship building (e.g., sales and marketing);
- Legal or other restrictions for business partners in accepting hospitality (e.g., public officials).

The risk assessment should also help to understand how sport sponsorship agreements are initiated, negotiated, executed and monitored and how sport-related hospitality is received or given and documented in the company's books and records, including any transactions being made by agents on the company's behalf (e.g., travel agent).

Desk research can provide an analysis of the company's activities on sport sponsorship and sport-related hospitality by country and by unit. This analysis helps to identify areas of high expenditure as well as main sponsoring partners. **Interviews** with relevant employees of the company, including representatives of different local units, can help to gain additional insights into the sponsorship activities and related risks. **Surveys or self-assessments** may be conducted in order to identify current standards and norms that determine the employee's behaviour when dealing with sport sponsorship and sport-related hospitality. Surveys or self-assessments may also include questions about current and prospective sport entities and may (if deemed relevant) be extended to already sponsored sport entities. The **usage of external experts or benchmarking data** can provide further information, for instance in the area of validation of sport sponsorship agreements against market values.

These results may be discussed and elaborated in internal workshops or with external focus groups that can add additional insights.

Taking into account **regional differences of legal standards and cultural customs** may help to better identify such risks. It is necessary to understand the local environments and the inherent behavioural norms that employees of the company are exposed to. It also helps to better understand the expectations of local partners in terms of sports and sponsorship.

Sport-specific characteristics and reputation may also help to identify risks. For instance, in some regions horse racing may be strongly associated with illegal betting, and endurance sports are often associated with doping. Hence, the analysis of the company's sport sponsorship activities along its regions and sports will considerably help to identify relevant risks.

To effectively identify corruption risks, companies 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. In order to allocate resources efficiently and effectively to the identified risks, a good practice is to rate both the probability that a risk might occur and the corresponding potential impact of that occurrence.

- ***Factors that might influence the probability of corruption occurring in sport sponsorship and sport-related hospitality*** include but are not limited to:
 - Incidents of corruption in the past at the company or peer companies
 - Incidents of corruption schemes in the company's industry or operating countries
 - The local anti-corruption culture and environment in the region
 - The existence of recent sport-related corruption or ethical cases in the country and/or sport in question
 - The number of individual transactions (e.g., number of sport sponsorship agreements or hospitality packages)
 - The complexity of sport sponsorship agreements and the level of knowledge and skills required to manage it
 - The number of individuals (and their functions) involved in approving or reviewing the process

- ***Factors that may influence the potential impact of corruption occurrence in sport sponsorship and sport-related hospitality*** include, but are not limited to:
 - Potential amounts of legal penalties (e.g. fines)
 - Potential commercial restrictions (e.g., debarment)
 - Potential impact on the reputation of the company
 - Potential media outreach
 - Potential impact on financial statements
 - Potential impact on recruitment and retention of employees
 - Potential impact on retention of customers and future revenues (e.g. customer boycotts)

Since reputation building is the essential idea behind sport sponsorship and sport-related hospitality, it is salient that reputational damage would be significant in cases where corruption or other unethical behaviour occurs.

There are different ways to rate and communicate the probability and potential impact of each corruption risk. A simple quantitative scale could be used by assigning numeric values to both categories. One scale that can be used may rate the probability of corruption occurring in the following manner: 1 – very unlikely, 5 – very likely. These values can then be used to calculate an overall risk exposure with a view to better communicate the company's current inherent risk situation and to identify priorities for concrete mitigation actions.

Identify mitigating options

Once the inherent corruption-related risks associated with sport sponsorship and sport-related hospitality are identified and prioritized, the company needs to decide on mitigation options. Mitigation options to reduce the risk of corruption occurring may include new policies, additional training and communication, due diligence processes, internal controls, as well as monitoring and auditing.

Various international frameworks and good practices exist that can be used to establish comprehensive preventive measures. These measures can also be used to reduce the inherent risk of corruption in sport sponsorship and sport-related hospitality. Steps 3 and 4 of this Guide provide more detailed information on how companies can effectively mitigate such risks.

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.

For any corruption risk that has a residual risk greater than the risk tolerance set by management and approved by those charged with governance, action is necessary to reduce the risk until it is within the risk tolerance threshold. Typically, the most common response to residual corruption risks is to implement additional mitigation options. Prudent companies should consider a broader range of potential actions to address residual corruption risk in sport sponsorship and sport-related corruption, including:

- Adjusting the scope of the company's sponsorship strategy, which may include avoiding or abolishing sport sponsorship in certain geographies, sports, or markets, where the risk is considered to be 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, or technology-supported approval procedures for sport-related hospitality requests;
- Avoiding themes of or wording in advertisements that might be interpreted in a manner that could reflect negatively on the company should circumstances surrounding any of the sponsorship elements take a negative turn;
- Enhancing anti-corruption controls through the application of technology. This could especially be useful for hospitality-related transactions, which typically occur in large numbers;
- Requesting assessments 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;
- Participating in collective action initiatives to level the playing field.

For these items, a corruption risk response plan should be established.

Step 3: Define

In order to address the specific risks identified in step 2 (Assess), tailored **policies** and **procedures** for sport sponsorship as well as for sport-related hospitality need to be established as part of the company's overall anti-corruption programme. Policies express the company's standards on a specific topic; procedures integrate these policies into day-to-day operations.

Define a policy for sport sponsorship

A policy prohibiting corruption regarding the company's sport sponsorship activities formalizes the engagement to prevent corruption and helps employees as well as sport entities to understand better the corresponding position of the company.

Establishing such a policy should follow the same basic principles as establishing other related anti-corruption policies (e.g., prohibition of bribery):¹⁴

- **The policy should be in compliance with relevant laws.** While taking into account companies' obligations under the laws of the countries in which they operate, including relevant anti-corruption laws, special attention should be given to any related laws, e.g., data protection laws or public access to information directives.
- **The policy should be formally documented.** This can be either as part of the company's Code of Conduct/Code of Ethics or as a standalone document. In the latter case, the policy should be clearly linked to the Code. Linking the policy to such documents emphasises the importance of anti-corruption related to day-to-day activities.
- **The language of the policy should be clear and easy to understand.** The policy should be translated into all major languages of the different operating locations and as far as possible avoid the use of acronyms and technical expressions.
- **The policy should be visible to all parties within and outside the company.** The company's policy should be clear, visible and accessible to shareholders, directors and employees on all levels within the company, including those employed in subsidiaries and joint ventures. The policy should also be visible to all concerned sport entities as well as other relevant partners, agents, brokers, representatives, and consultants. The company may consider publishing information on its website, in newsletters, publications and other communication vehicles.

¹⁴ Based on United Nations Office on Drugs and Crime, *An Anti-Corruption Ethics and Compliance Programme for Business: A Practical Guide*, 2013.

- ***The policy should be developed using a participatory and consultative*** approach. Inviting employees, major sport entities, relevant trade unions, auditors and other stakeholders creates a sense of ownership among all stakeholders.
- ***The policy should be supported by real-world examples or generic case descriptions*** to enhance the understanding of how these policies apply to day-to-day work situations.

Define procedures for sport sponsorship

Establishing a clear, visible and accessible policy addressing the risks of corruption in sport sponsorships is an important step. However, without defining and implementing concrete procedures that give effect to the policy, the policy may be perceived as irrelevant.

Procedures should be defined and implemented in respect of each of the following steps to reduce the risk of corruption and other unethical behaviour in sport sponsorships:



Figure 4: Define procedures to prevent corruption in sport sponsorship

These procedures relate to the initial approval and execution of a sport sponsorship request. Additional procedures to further mitigate the risk of corruption are outlined in the next chapter (Step 4: “Implement” and Step 5: “Measure”).

I) Submission of the sponsorship request

A sport sponsorship request may be generated from within the company (e.g., sales department seeking to engage an athlete to promote the launch of a new product) or from outside the company (e.g., through an official sponsoring tender¹⁵ or a sport entity sends directly, or indirectly through a sponsorship broker, a sponsorship request to the company). Any incoming sport sponsorship requests should be submitted to the company's sponsorship department or other function within the company responsible for deciding on sponsorship requests¹⁶. A formalized request template, mainly focusing on formalistic requirements, can facilitate the 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 sponsors involved (e.g., other companies seeking to enter into the sport sponsorship agreement)
- Person responsible for the sponsorship request within the company (e.g., senior manager)
- Potential or expected benefits and costs of the sponsorship for the company
- Statement that the value of the sponsorship request is within the approved budget for sport sponsorship initiatives
- Current or former relationships between the company and the sport entity
- Risks of sponsorship for the company
- Other supporting motivations or considerations

The company's sponsorship department or function responsible for sponsorships should accept responsibility for collecting the necessary information and for forwarding the completed request to an assessment committee.

¹⁵ Similar to regular business opportunities, the company should publicize its criteria for sponsoring, the formal criteria for proposals, the methods used to select sport entities, and information about specific sponsorship opportunities as they arise, giving a due date for proposals and an official and exclusive contact point. Based on United Nations Office on Drugs and Crime, *The United Nations Convention against Corruption (UNCAC) as a Framework for Mitigating the Risk of Corruption in the Organization of Major Public Events*, 2013.

¹⁶ In companies that do not have a dedicated sponsorship department, the sales and marketing, communications or public relations department may conduct these activities. Irrespective of the company's department, responsibility and accountability for the management of sponsorship agreements must be clearly assigned.

II) Assessment of the sponsorship request and sport entity

As sport sponsorship agreements can involve complex terms and conditions, it may be advisable to establish a Sport Sponsorship Committee in charge of assessing the request as well as the sport entity.¹⁷ Such a Committee may be cross-functional, including members from the company's legal, ethics and compliance, sales and marketing, finance, public relations, and purchasing departments.

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).

The assessment of the request should be against the *company's overall objectives* for engaging in sponsorship activities. Sport sponsorships must be based on a comprehensive sponsorship strategy, which outlines in detail what the company wants to achieve with the sponsorship. This may include:

- Develop, increase or change the reputation of the company, its brands, and products/services
- Reach out to new target groups
- Introduce a new product
- Support its corporate social responsibility initiatives

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

Afterwards, the Committee needs to assess the sport sponsorship request with regard to *business objectives*, which must include also *compliance objectives*.¹⁸

Assessing a sport sponsorship request in terms of compliance objectives should include the following elements:

Due diligence on the sponsorship request

- Is there a potential for a *conflict of interest* to be created by the sponsorship request? This could be the case if the sport entity has been recommended by an employee who holds a function in 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 on-going.
- Is the sponsorship request part of or related to an *official tender*?

¹⁷ Depending on the size of the company, this may be conducted by a single manager of the company's sponsorship department or another function within the company responsible for deciding on sponsoring requests.

¹⁸ In case such due diligence activities are considered not to be necessary, or a reduced due diligence is deemed sufficient (e.g., outstanding and recognized reputation of the sport entity with regards to ethics and compliance), a written request should be submitted to the authorizing body within the company.

- 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 facility fees or payments to agents)?
- Do the *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 officer. Alternatively, the sponsorship request has been proposed for no apparent good reason.
- Does the sport entity wish to *not disclose the relationship to the public* or request that its identity not be revealed?
- Does the sport entity *refuse to guarantee compliance with the company's Code of Conduct for sport entities* (as outlined in Addenda I)?
- 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;
 - Paid to a numbered bank account, a "haven" or an offshore bank?
- Does the sport entity request an *unusual structure for the sponsorship* (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)? For more information on assessing the value of sport sponsorship, please refer to Addenda II: Monitoring sport sponsoring agreements.

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 entity involved in a sport with *high risks of corruption* or *other unethical behaviour*? For example, former incidents of doping and/or match-fixing or a perceived lack of 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 sponsored entity in a *good financial situation*?
- Has the sport entity or any of its owners a *disputable reputation* or 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 companies without grounds or without a proper justification?
- Has any company 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 the due diligence is crucial and should be a requirement to be eligible for sponsorship. Such a due diligence can be conducted through interviews or a standardized questionnaire, completed by the sport entity. For certain aspects, the company may request additional independent confirmation of information (e.g., regarding ownership structure, registration).

The Committee must then review the information and validate it against available data.¹⁹

¹⁹ 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, media reports.

In case any of these assessments provide indications for potential risks (red flags²⁰), the company should make an additional effort to conduct a more in-depth due diligence investigation.

The data and information collected during due diligence, as well as the sources used, should be documented in a summary note. Identified red flags should be highlighted.

III) Authorisation of the sponsorship request

Subsequent to the completion of the sponsorship request assessment by the Sport Sponsoring Committee and depending on the size, benefits and risks of the sponsorship, senior management should also be informed about the request and, where required in terms of the company's governance system, an authorization should be obtained.

The sponsorship department should communicate the sponsorship request and the results of the assessment (including the summary note) to all relevant stakeholders within the company, such as public relations. The sponsorship department or other relevant function should also be responsible for keeping record of all the documents relating to the sport sponsorship request, including the assessment results.

IV) Negotiation and finalisation of the sponsorship request

Once the sport sponsorship request has passed the internal assessment and authorization steps, the sport entity should be contacted in order to negotiate and finalize a sport sponsorship agreement.

The sport sponsorship agreement must be in writing and drafted by appropriate experts within the company or acting on behalf of the company. This may include cooperation with the company's legal, tax, finance and public relations and communications departments.

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 company, the agreed value 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 company are only the payment 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 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);

²⁰ Risk reference indicators, signalling high-risk anti-corruption issues.

- 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 company;
- iv. include a statement from the sport entity that from the moment of signature and during the execution of the signed 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);
- v. include the basis for the monitoring process (Step 5) between the company and the sport entity. This may include the definition of (and methodology behind) Key Performance Indicators, monitoring intensity (volume and intervals), and analysis and interpretation of monitoring results. For more information, please refer to Addenda II: Monitoring sport sponsoring agreements;
- vi. specify the company's right to carry out audits on the sport entity in the event that the company has a reasonable belief that the sport entity may have violated the provisions of this sport sponsorship agreement²¹;
- vii. specify the sport entity's obligation to inform the company about any relevant deviation from the contractual terms of the sport sponsorship agreement, including the complementary Code of Conduct (as shown below)²²;
- viii. specify the company'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;
- ix. outline the company's incentive structure in case the sport entity meets or exceeds the requirements of the sport sponsorship agreement. This may include, for example, financial or reputational benefits granted to the sport entity in case of an external verification of their governance policies and procedures.

²¹ 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.

²² 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 international community or any significant groups, classes or countries thereof, or which reflects unfavorably in a material manner upon the company or reduces the commercial value of the company'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 should inform the company of such occurrences immediately."*

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** (as outlined in Addenda I: A company's Code of Conduct for sport entities). Such a Code focuses on protecting the company'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 unethical behaviour. If a company already has a Code of Ethics or similar basic principles for business partners in place, it may be sufficient to just add specific references to sport sponsorship and sport-related hospitality.

V. Execution of the sponsorship agreement

The company's sponsorship department must monitor that the sport sponsorship agreement is properly executed and that both parties, the company itself and the sport entity, adhere to the business-related and compliance-related terms. More information on the monitoring of the sport sponsorship agreement is provided in Step 5.

Define a policy for giving and receiving sport-related hospitality

For sport-related hospitality any perception of undue influence must be avoided. Establishing a clear and visible policy is of particular importance here, as the borderline between legal and illegal practices is not always clear or 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, unless the invitation was made to influence a business decision.

A complete prohibition of giving or receiving sport-related hospitality is not preferable, as there is nothing inherently wrong with inviting business partners for building relationships or to express appreciation. However, giving or receiving hospitality must be prohibited if such arrangements could affect the outcome of a business transaction and would not constitute or give rise to reasonable and bona fide expenditures.

This needs to be addressed in a policy and further detailed in related procedures. Such a policy should be integrated in the company's overall policy on gifts and hospitality. For important sponsorships (e.g., national sponsor of FIFA World Cup) a specific sponsoring concept including the hospitality might be advisable.

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

Define procedures for giving and receiving sport-related hospitality

Procedures should be defined and implemented in respect of each of the following steps to reduce the risk of corruption in sport-related hospitality:



Figure 5: Define procedures to prevent corruption in sport-related hospitality (giving and receiving)

I) Submission of the sport-related hospitality request

Any employee who considers giving or receiving sport-related hospitality must submit a standardized pre-approval form to a specified or designated official within the company. The specified official can be the direct superior, someone from the company's compliance department, or it can even be done through an automated, technology-based process.

The assessment of the sport-related hospitality request may determine that the risk posed by an invitation is too high 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 major sport events it should be considered good business practice that the company establishes and publishes its sponsoring concepts, 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 sport-related hospitality request

Any hospitality, either offered to or given by the company's employees or third parties acting on their behalf must, from an objective viewpoint, be reasonable and in good faith. The assessment of such requests should be performed by a specified or designated official who could be the requestor's supervisor, the company's compliance department or other personnel charged with governance procedures within the company. Increasingly,

technology-based tools are supporting such assessments. An assessment of sport-related hospitality requests should consider the following criteria:²³

- i. *No obligation*: a hospitality should be given clearly as an act of appreciation or commercial courtesy and should not place the recipient under any direct or indirect obligation;
- ii. *Made openly*: if the 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 sport-related hospitality request”);
- iii. *Accords with stakeholder perception*: the hospitality would not be viewed unfavourably by other stakeholders if it were to be made known to them;
- iv. *Reasonable value*: the 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;
- v. *Appropriate*: the nature of the hospitality is appropriate to the relationship and accords with general business practice and local customs;
- vi. *Legality*: it is compliant with relevant laws;
- vii. *Conforms to the recipient's rules*: the hospitality meets the rules or code of conduct of the recipient's organisation;
- viii. *Infrequent*: the giving or receiving of hospitality is not overly frequent between the giver and the recipient;
- ix. *No cash*: providing hospitality should not be accompanied by cash payments (e.g., per diems);
- x. *No extension*: the hospitality is not extended to family members or partners (unless it is seen as acceptable, e.g., attending a sport award ceremony).

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

Any sport-related hospitality, giving or receiving, that does not meet the above-shown criteria must be refused and – where appropriate – forwarded to the relevant governance bodies within the company (e.g., to use as an example in future trainings).

²³ Based on Transparency International UK, *The 2010 UK Bribery Act Adequate Procedures*, 2010.

III) Authorisation of the sport-related hospitality request

The company may arrange for different approval levels in relation to specific needs, in compliance with the minimum requirements described above. For example, invitations of public officials to a sport event may undergo automatically a more detailed due diligence than invitations to business partners. This may also include internal processes in case a proper authorization cannot be obtained for valid or urgent reasons or due to work-related impediments.

The company's employees may proceed with the sport-related hospitality once approval has been received. For this, the company should establish a formal process. Such a process should include, for example, that invitations are 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;²⁴
- contain an accurate description of the type and scope of the invitation (including benefits to enable effective authorization, such as catering, gratuities);
- include an explicit reservation that the invitation is subject to the recipient obtaining authorization.

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

IV) Recording of the sport-related hospitality request

A company should document all individual hospitality arrangements (whether giving or receiving). 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 corruption occur

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

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

²⁴ In the case of major public events to which several public officials are to be invited, their government agencies should be contacted in advance concerning authorization regulations within the framework of a general concept. Or, 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 have to be implemented into day-to-day practices of the company through a variety of procedures, such as training, communication, internal controls and the reporting of violations.

Companies 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 company's Code of Conduct for sport entities. By ensuring a good working relationship, companies do not only help themselves to avoid potential liability and reputational damages, but also strengthen anti-corruption efforts, both in the company and among sport entities.

Finally, companies should strive to engage in collective action initiatives to support levelling the playing field among all companies and sport entities engaged in sport sponsorship.

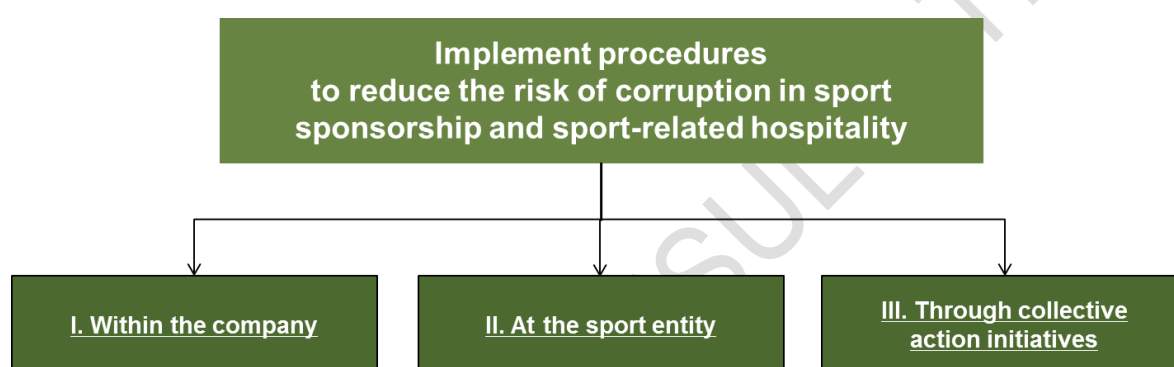


Figure 6: Implement procedures to reduce the risk of corruption

I. Implement procedures within the company

Companies need to put a variety of measures in place to ensure that the established policies are adhered to by its 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 of the company's employees, including those in subsidiaries and other entities over which the company has effective control.

Communication and training: The company's communication department shall present the anti-corruption programme to all employees, from senior management throughout all levels of the company, on a regular basis. For example, before an important sporting event is sponsored by a company, it is recommended to communicate and re-emphasize the sport sponsorship and hospitality clauses in the anti-corruption programme.

It is also recommended that the communication department periodically assesses the awareness of these clauses among relevant employees, as well as the sport entity.

Periodic training courses should be given to relevant employees – based on the initial risk assessment (see Step 2) – on the subject of corruption in sport sponsorship and

sport-related hospitality. Such training can be in person or web-based depending on the training culture of the company. In addition, it is important to register and monitor the number of courses and training hours undertaken by employees.

Internal controls and record keeping: A company should seek that all of its business activities are executed properly, including sport sponsorship and sport-related hospitality. The main objective of a system of internal controls is to provide reasonable assurance as to the effectiveness and efficiency of a company's operations, the reliability of its financial reporting, and its compliance with applicable laws, regulations, and internal policies.²⁵ Such a system often contains organizational measures as well as controls.²⁶

- Organizational measures are typically integrated into the underlying business processes, aiming to prevent corruption related to the execution of day-to-day work activities. Such measures include inter alia role descriptions, approval limits (e.g., for the authorization of hospitality requests), separation of responsibilities (e.g., the assessment and approval of sport sponsorship requests is separated from the unit that initiated the request) and restricted access to sensitive business activities (e.g., due diligence in terms of potential sport entities).
- Controls are either applied to the entire organization (e.g., monitoring the execution of sport sponsorship-related training or the existence of a policy on gifts and hospitality) or integrated into the underlying business processes. Controls seek to prevent as well as detect corruption by supporting and monitoring the adherence to organizational measures. For instance, the requirement to obtain an additional authorization before releasing a sponsorship payment is a preventive control. A detective control is e.g., to monitor double or split payments to the same sport entity to identify overpayments or circumventions of approval limits.

The senior management of the company is responsible for establishing and maintaining effective organizational measures and controls to prevent and detect corruption. In addition, the company's internal audit department shall independently examine and assess these measures and controls to help achieve compliance according to these requirements (e.g., checks-and-balance of received and used tickets).

A system of internal controls requires the maintenance of accurate books and records. The term "books and records" does not only relate to the documentation of financial transactions, albeit this is of utmost importance. The term also includes other related records that document business relations or activities such as the sport sponsorship agreements or the hospitality register.

The accounting entries relating to the financial transactions concerned by this procedure must provide a full and accurate reflection of all operations implemented. All costs and expenses, revenues and income, inflows and outflows, in addition to all

²⁵ Based on Committee of Sponsoring Organizations of the Treadway Commission, *Internal Control - Integrated Framework*, 1992.

²⁶ Based on United Nations Office on Drugs and Crime, *An Anti-Corruption Ethics and Compliance Programme for Business: A Practical Guide*, 2013.

commitments, must be fully, truthfully and correctly represented in the accounts, in accordance with applicable accounting standards. In accordance with applicable legislation, supporting documents must be provided.

The original hard and/or electronic copies of the document must be stored according to legal requirements.

Guidance and reporting channels: The company should provide a way for its employees and sponsored sport entities to seek guidance and suggest improvement. For this, a dedicated person or department within the company can be appointed. Alternatively, a hotline may be established. Such channels do not only support employees and sport entities in the interpretation of the company's policies and procedures but also assist in identifying major areas of concerns for additional support and training (e.g., provisions of sport-related hospitality in terms of a major sport event).

Sport sponsorship agreements comprise complex transactions, which makes it difficult to detect irregularities, even for internal control measures or auditors. Thus, reporting on such irregularities is an important way for detecting misconduct. The company 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 sponsorship, as such engagements are often driven by senior management and offer companies high emotional values. Finally, in order to maintain the credibility of the reporting hotlines, the company needs to promptly assess if the information described in any report justifies an investigation. If this is the case, the unit responsible for the investigation has to conduct an investigation and report the findings within a short time frame to the reporting person, if it was not made anonymously. In the case of a proven illegal act, all appropriate disciplinary action shall be taken.

Sanctions and incentive provisions: The company must also establish disciplinary provisions in accordance with its own internal Code of Conduct, collective labour agreements or other applicable national norms with regard to employees (i) whose actions are found to breach the company's policies and practices, and (ii) who fail to discover or report any such breach or (iii) who retaliate against others reporting such breaches. Disciplinary provisions may include the immediate termination of an employment contract.

Companies should also consider establishing incentive schemes to support the acceptance of their anti-corruption policies and practices. Such incentives can include financial and nonfinancial rewards and should be given for an employee's active participation in the enhancement of the company's policies, outstanding due diligence effort, or the reporting of irregularities.

II. Support the implementation of procedures at the sport entity

The relationship between a company and the sport entity should be treated as part of the company's supply chain. Similarly, the company should be clear about the expected behaviour from the sport entity, making the adherence to the overall sport sponsorship agreement and the complementary Code of Conduct for sport entities a contractual obligation. Recognizing that sport entities may not have the same level of awareness and governance capacity as the company itself, the company should offer its support to the sport entities.

Ideally, sport entities already have or are in the process of adopting their own programmes and systems for preventing corruption and other unethical behaviour. When dealing with sport entities that are unsophisticated in terms of these issues, the company should consider supporting the sport entity in various ways, such as:

Regular meetings: The company should hold regular meetings with the sport entity to discuss challenges related to business and compliance objectives and determine solution approaches in a consistent manner.

Training and education for sport entity: Key employees from the sport entity may be required to attend training sessions as a condition to receive sponsorship.

Reporting channels: The sport entity should either be encouraged to establish its own internal reporting channel or be able to use the company's channel to report sponsorship-related misconduct or perceived irregularities.

Public disclosure: The company may also encourage the sport entity to disclose the budget and other important financial information, any risk assessment performed and the amount of sponsorships received in order to assure competitive conditions and promote social control with regard to transparency.

Companies facing sport entities that are unwilling to implement measures to prevent corruption or any other unethical behaviour after the sport sponsoring agreement has been signed should establish relevant and proportionate **sanctions**. In case the sport entity violates the contractual obligations of the sport sponsorship agreement, the company must be ready to terminate a relationship where necessary. Public announcements of applied sanctions may further increase the motivation of the sport entity to avoid such sanctions ("noisy withdrawal"). On the other hand, the company should also establish **incentives** for sport entities that seek to go beyond the contractual obligations. For example, sport entities with an anti-corruption programme assessed by a third party service provider or a (perceived) track record of ethical behaviour may enjoy preferential treatment by the sponsoring companies.²⁷

²⁷ Based on HUMBOLDT-VIADRINA School of Governance, *Motivating Business to Counter Corruption: Using sanctions and incentives to change business behavior*, 2013.

<u>Sanctions</u>	<u>Incentives</u>
<ul style="list-style-type: none"> • 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) • Exclusion from future sponsorship opportunities • Withdrawal from particular sports 	<ul style="list-style-type: none"> • Assignment of favourable conditions (e.g., reduced due diligence requirements, improved financial compensation) • Preferred sponsor status

Dealing with objections by the sport entity:

Companies can expect a variety of responses from sport entities when confronted with the company's expectations to adhere to compliance-oriented contractual aspects, especially the company's Code of Conduct for sport entities.

Some sport entities are not business-oriented and may see these requirements as too costly and may be reluctant to accept and implement them. In such situations, it may be helpful to explain the relevant legal and other risks applicable to the company, so that the sport entity is able to better understand the company's position. Sport entities also have to increasingly comply with similar requirements from other stakeholders. For example, football sponsorship in Europe will be affected by the financial fair-play rules, which will require a focus on demonstrating the fair value of a sponsorship deal.²⁸

Sport entities may not be familiar with anti-corruption policies and procedures and may claim that such efforts are unnecessary, or even unacceptable. In some cases there will be merit to these objections, especially with large sophisticated sport entities, where fewer controls might be necessary. In other cases, the company will have to outline that these efforts are not meant as an additional burden but that they are in place with all other sport entities and, like any contractual provision, are intended for the protection of both parties.

Sport entities may indicate that they 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 by multiple companies, or may face audits and other monitoring activities. To avoid duplication of efforts and placing an unnecessary burden on sport entities, companies should consider accepting training or auditing conducted by other companies and exploring if there is a standardized approach to which all companies 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 company's

²⁸ PricewaterhouseCoopers, *Changing the game - Outlook for the global sports market to 2015*, December 2011.

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. Nonetheless, many sport entities will have their own codes, and it may be possible to allow their language to serve as an equivalent to the company's if the company is otherwise confident about its engagement with the sport entity.

III. Implement procedures through collective action initiatives

Companies 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 companies may lose important contracts if the sport entity is not willing to accept the proposed commercial and compliance-related terms and conditions. The sport entity may simply turn to other companies 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, companies may seek to establish collective actions²⁹ of like-minded organizations as an advanced step in the fight against corruption, thereby helping to "level the playing field".

Companies that engage in a collective action can balance conditions, give credibility to transparency clauses and bring empowerment to a coalition of interests, instead of limited actions from individual companies. 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 actions may also be considered among companies sponsoring a specific sport event or sport organization, so that they can incorporate the rules established in this document, proposing common standards among sponsors. The "Companies and Investors National Committee" from the Clean Games Sectorial Agreement in Brazil is such an example.

²⁹ 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.

Case study: Clean Games Sectorial 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 Sectorial Agreement. Following the steps of implementation developed by Transparency International (TI), the Clean Games Sectorial Agreements are being concluded in the sectors of healthcare equipment and energy provision. The construction and transportation sectors will be targeted next.

The main goals of the sectorial 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 sectorial 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 presentation and invitation to the Business Pact for Integrity and Against Corruption.

After the establishment of the working groups, the 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 organisations and business relationships, in order to comply with the commitments they made in the Business Pact for Integrity and Against Corruption.

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Step 5: Measure

Continuously monitoring and evaluating a company'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 company's business environment. Monitoring and evaluating the company's programme also helps to identify ineffective activities that should be optimized.

With regard to measuring specific anti-corruption policies and procedures on sport sponsorship and sport-related hospitality, the company should consider the following three areas:

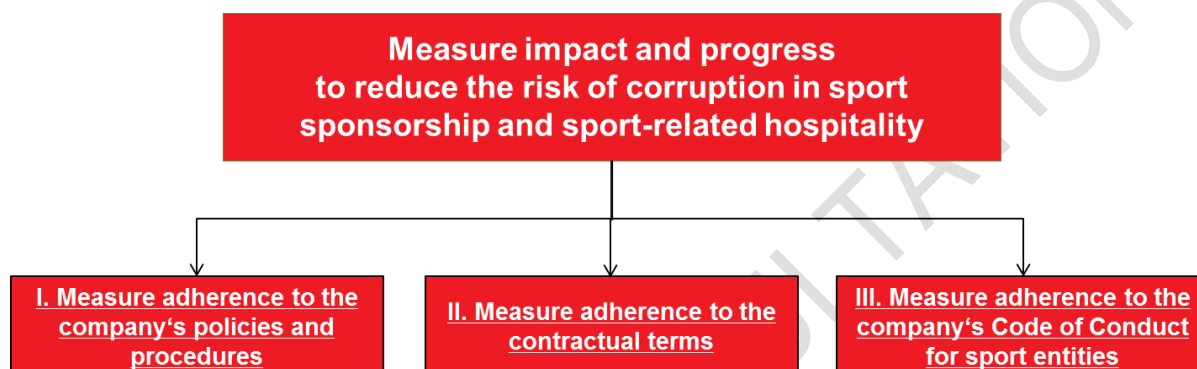


Figure 7: Measure impact and progress

I. Measure adherence to the company's policies and procedures

Monitoring adherence is essential to assess the effectiveness of the company's anti-corruption programme. Only if relevant employees are aware and compliant with the company's policies and procedures on sport sponsorship and sport-related hospitality can the company minimize the risk of corruption.

The basis for monitoring is the intelligence gathered by **audits, internal control systems and internal compliance investigations**, for example:

- Are relevant trainings attended and perceived as being useful?
- Have internal controls detected irregularities in sport sponsorship or sport-related hospitality?
- Are there loopholes that give opportunity to circumvent these controls?
- Are reporting channels perceived as secure, are they used by and helpful for employees?

In case those responsible for monitoring find the available information insufficient, additional surveys and interviews with relevant employees can provide more in-depth knowledge.

One particular focus for companies in the area of sport-related hospitality is to track the final recipients and ultimate beneficiary of hospitality packages, especially if the hospitality is extended to partners or family members.

Once the necessary data for monitoring is provided, the adherence to policies and the effectiveness of procedures can be evaluated in order to ensure that policies and procedures are kept up-to-date and relevant.

II. Measure adherence to the contractual terms

As outlined in Step 3, the sport sponsorship agreement must clearly state the negotiated contractual terms between the company and the sport entity. A clearly defined monitoring process (Addenda II: Monitoring sport sponsoring agreements) should be part of the agreed contractual terms.

This is obvious from a business point of view but also highly relevant from a compliance perspective. The execution of the sport sponsorship agreement needs to be closely monitored to identify deviations from the originally agreed contractual terms, which may also indicate compliance violations. For example, a compensation for marketing rights without the equivalent quid pro quo from the sport entity may indicate a potential kickback scheme.

Monitoring the contract terms of a sport sponsorship agreement has to include tangible and intangible values. While **intangible values** are about prestige, bidder competition, negotiation strength, multiplier effects and networking opportunities, the **tangible values** of a sponsorship package are the hard facts that can be measured based on media presence (in TV, Print and Online), on-site presence (perimeter boards, product displays, etc.) and further material-related rights such as promotion rights, tickets, or backstage passes. Both areas can be executed by means of media research, market research and further research opportunities like using specialized databases and other sponsorship-related sources.

III. Measure adherence to the company's Code of Conduct for sport entities

Sport entities should also be monitored regarding adherence to the company's Code of Conduct for sport entities. This encompasses the existence of preventive measures as well as actual violations. The latter can pose difficulties for companies. Ideally, any corruption-related or other unethical behaviour should be directly reported by the sport entity itself to the company. Such an obligation may be part of the sport sponsoring agreement.

In addition, ethical behaviour monitoring may occur via the company's own internal structures such as departments tasked with external affairs, public relations, or compliance function.

Companies may also consider making use of external resources to monitor and measure adherence to the company's Code of Conduct by the sport entity. Such external resources could be used in addition to regular Internet searches. External researchers typically offer a broad range of services that might be relevant for companies and serve as a supplement to typical market or media research, such as press clippings covering all activities of a sport entity or social media screenings.

Step 6: Communicate

There is no better way for the management of a company to ensure that the risks of corruption are minimized than by communicating to its stakeholders its strategies, policies, and procedures, and engaging in continuous improvement.

Public disclosure in terms of anti-corruption is not only an important way of demonstrating the sincerity of the company's commitment to the United Nations 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. This should include the company's policies and procedures regarding sport sponsorship and sport-related hospitality.

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

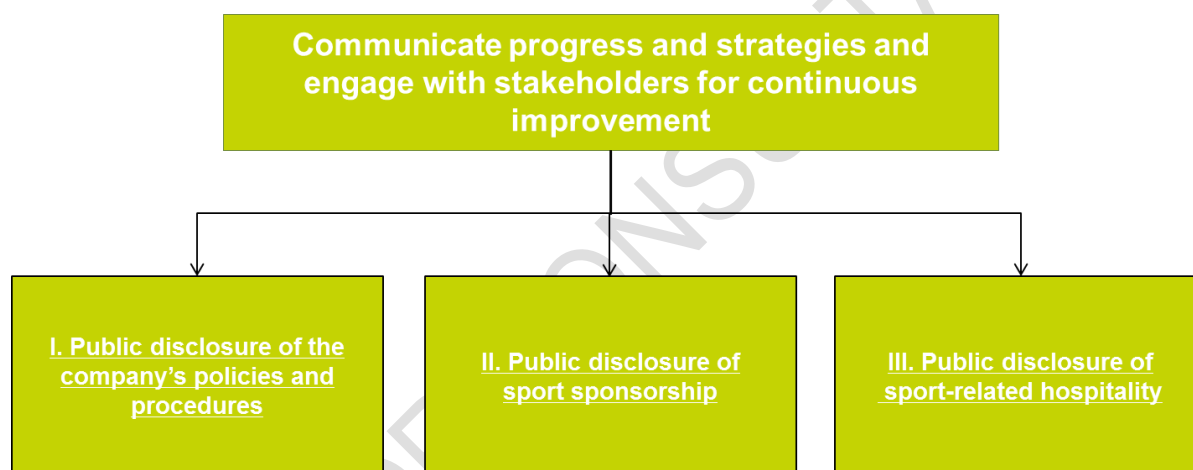


Figure 8: Public disclosure on sport sponsorship and sport-related hospitality

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

The United Nations 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.

Companies that seek to publicly demonstrate their commitment and effort to reduce the risk of corruption in their sport sponsorship and sport-related 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 company's policies and procedures to reduce the risk of corruption in sport sponsorship and sport-related hospitality should be integrated into the company's overall anti-corruption reporting system.

An alignment of a company's sport sponsorship and sport-related hospitality policies and procedures to the reporting elements is reflected in Addenda V: Public reporting of policies and procedures.

II. Public disclosure of sport sponsorship

Companies 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, companies should 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 entity that 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 should be part of the company's financial reports.
- *Publish details about individual sponsorships:* In the interest of transparency and accountability, companies should also consider publishing as much information on their sponsorships as possible. This may include information on amounts spent on each individual sport sponsoring agreement, the duration of the sponsorship agreement and any sport-related hospitality benefits.

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

Dealing with objections:

Publicly disclosing information on the company's sport sponsorship activities may give rise to a variety of objections, not only from sport entities but also from within the company.

Giving away too much information, resulting in a potential competitive disadvantage by disclosing the individual value of a particular sport sponsorship agreement, is among the most prominent objections. Companies, however, need to balance these arguments with the risk that non-disclosure may increase public speculations or even false statements from other stakeholders which may have a severe negative impact on the company as well as the sport entity. In order to increase transparency in sport sponsorship, companies 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. Companies should make it therefore part of their negotiation strategy that future contractual terms will not hinder the public disclosure of information about the sport sponsorship agreement.

Some companies 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 companies.

Successful examples from other initiatives, like the Extractive Industries Transparency Initiative (EITI)³⁰, 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.

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 USA, 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.

³⁰ 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.

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 Revaluation.

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, a company should document the individual value of hospitality in an internal hospitality register. This helps to monitor compliance and to fend off charges if corruption allegations occur.

The question is whether a company should make such hospitality transactions public. Increasingly, public sector institutions³¹ 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 company invited a senior public official to a sports event would be made available through the public sector side.

However, large companies 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.

Companies should hence publish their policies and procedures with regards to sport-related 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 company's name.

³¹ As an example, see the Cabinet Office in the United Kingdom <http://www.cabinetoffice.gov.uk/resource-library/business-expenses-senior-officials>

Addenda I: A company's Code of Conduct for sport entities

This Code of Conduct outlines the basic ***Integrity and Transparency Principles*** that the company expects sport entities sponsored by the company to apply.³² The principles are further supported by concrete examples and descriptions of the type of behaviour that is expected from the sponsored sport entities as well as types of behaviour that is undesired. The examples and descriptions should not be regarded to be an exhaustive list, and the sport entity must always ensure that the principles are applied.

These principles are based on the United Nations Global Compact 10 Principles but focus on protecting the company's legitimate commercial interests and reputation from an ***integrity and transparency*** point of view. As such they do not attempt to provide a blueprint for a comprehensive sustainable approach to managing the sponsorship relationship (i.e., especially environmental and economic criteria are excluded).

The Code of Conduct focuses on a general principle-based approach in terms of integrity and transparency in sport sponsorship and sport-related hospitality. It does not seek to provide a tailored solution for each possible scenario that could be encountered in sport sponsorship, sport-related hospitality or a combination thereof. The practical application of the principles may vary depending on whether the sponsored sport entity is a single person (athlete, referee or others), a group of persons (team – for example in a rowing or basketball team) or a sport federation, sport club, event organizer or similar entity. In the case of individuals, as well as groups, the risk is that they may themselves misbehave, whilst in the case of organizations the risk lies in the potential absence of the right policies and procedures to avoid misbehaviour by their athletes as well as officials. A variety of approaches may be required to address the distinct risks posed by different types of sport entities.

It is recommended that a formal Code of Conduct such as this one be used to govern medium- or longer-term and/or high-level sponsorship agreements. Short-term, ad hoc, once-off sponsorships of single supports (e.g., co-sponsoring of a national championship in athletics) could be organized and governed in a more simplified way, but it should always adhere to the basic principles of ***integrity and transparency***.

Any company seeking to act as a sport sponsor should adapt the application of the ***integrity and transparency*** principles and its own corresponding expectations to its own specific requirements and unique situation. This can be achieved either by adding individual criteria into the Code of Conduct or by extending an existing code through inclusion of sport sponsorship-specific criteria.

³² Please note that this Code of Conduct uses the same definitions as outline in "Key definitions" of this Guide. Throughout this Code of Conduct the term 'sport entity' is referred to as partners. References to sport entities and partners where it appears in the Code of Conduct should be read in context as it may be a reference to all or any of the persons or entities named in the definition. Some references may only be relevant to natural persons, others only to non-natural entities and yet others to both natural persons and legal entities.

Basic principles, expected behaviour and undesired behaviour:

The <name of the company> and its partners shall observe the fundamental ethical approach set out in this Code of Conduct and commit themselves to the principles underlying this Code of Conduct:

The partners should also display the following specific behaviours or refrain from the specified behaviours described below to ensure that the principles are applied in practice. The types of behaviour described in this Code of Conduct should however not be regarded as a complete list, and each partner must evaluate and assess its own circumstances when applying the principles. The partners should at all times be able to explain and justify its behaviour by reference to the principles of this Code of Conduct.

The partners shall ensure that an independent disciplinary body and proper sanctions are in place to enforce appropriate behaviour, including compliance with this Code of Conduct and the behaviour suggested herein.

Principle 1: Prohibition of corruption

The <name of the company> and its partners shall adopt and implement a zero-tolerance approach to corruption.

Expected behaviour:

- (1) The partners shall ensure 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 partners shall expressly prohibit 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.

Undesired behaviour:

- (3) The partners shall not exercise or attempt to exercise any **undue influence on** politicians, 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 partner shall take place in a transparent and responsible manner.

Principle 2: Fair competition

The <name of the company> and its partners shall adopt and implement a zero-tolerance approach to unfair competition and sporting fraud, especially doping, match-fixing and age-fraud.

Expected behaviour

- (1) The partners shall engage in establishing clear and express **rules, implementing education- and prevention programs, and establishing whistle-blowing mechanisms as well as adequate whistle-blower protection** with regard to sporting fraud, especially doping, match-fixing and age-fraud.

Undesired behaviour:

- (2) The partners shall not engage in **any behaviours that support, encourage, provoke or promote 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 partner shall refrain from placing too much pressure on performance, making poor or no payments where payments are due and neglecting to issue clear guidance or exercise proper controls.

Principle 3: Financial transparency and accountability

The <name of the company> and its partners commit themselves to the highest standard of transparency and accountability in respect of recordkeeping and reporting as it relates to their financial positions and transactions. This commitment includes an undertaking to comply with all relevant and applicable accounting standards and to ensure transparency on the sponsoring relationship and/or sport-related hospitality.

Expected behaviour:

- (1) The partners shall engage to make the **sponsorship agreement 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 name of the company>. Measures to ensure transparency should include disclosure of information on the value of the sponsorship, the terms and conditions of the sponsorship, direct or indirect financial gains to any individual or individuals from the sponsorship and the benefits for the sponsor afforded by the partner.
- (2) The partners shall **report on its financial matters** in a transparent, comprehensive way and as a minimum adhere to all relevant financial reporting standards.
- (3) The partners shall use a standard **accounting system** commensurate to the size of its operational- and sponsorship budget.
- (4) The partners shall perform 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.

Undesired behaviour:

Further examples to be inserted if necessary

Principle 4: Avoidance of conflicts of interest

The decisions of the <name of the company> and its partners shall not be influenced by any undue influences or advantages (including invitations or gifts) offered, and any such offers or attempted offers shall be refused outright. The <name of the company> shall demand the same of its employees, and its partners shall demand the same of their employees, volunteers and athletes.

Expected behaviour:

- (1) The partners shall adopt 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 partners shall include 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 partners shall provide clear guidance on the treatment of **sport-related 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.

Undesired behaviour:

Further examples to be inserted if necessary

Principle 5: Legal compliance

The <name of the company> and its partners shall comply with all relevant laws and regulation, all applicable sporting codes or rules and any additional standard applicable to the activities that form the subject of the sponsorship or impacted on by such activities. 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.

Expected behaviour:

- (1) The partners shall implement measures to ensure **compliance** with all relevant international and national laws and regulation, all applicable sporting codes or rules and any additional standard applicable to the activities that form the subject of the sponsorship or impacted on by such activities.
- (2) The partners shall **engage to support and educate** its **members, athletes, employees, volunteers, 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 to the activities that form the subject of the sponsorship or impacted on by such activities.

Undesired behaviour:

Further examples to be inserted if necessary

Principle 6: Human rights and non-discrimination

The <name of the company> and its partners shall observe and protect 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 discrimination³³, be it for race, colour, origin, caste, religion, gender, sexual orientation, disability, political opinion or age.

Expected behaviour:

- (1) The partners shall acknowledge 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 partners shall positively engage 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 partners shall put **whistle-blowing measures** in place to be utilised by all employees, volunteers and athletes. **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.
- (4) The partners shall respect **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.
- (5) The partners shall afford underage athletes 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.

Undesired behaviour:

- (6) The partners shall not tolerate any human rights abuses in the execution of the sponsorship and specifically not 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.
- (7) The partners shall not tolerate any form of **harassment or discrimination**. In doing so the partner 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 partners 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.

³³ The Oxford Dictionary defines discrimination as: "the unjust or prejudicial treatment of different categories of people".

Principle 7: Labour rights and stakeholder involvement

The <name of the company> and its partners shall actively support the principles of the International Labour Organisation (ILO) in respect of their relationships with employees, athletes and volunteers, and will involve their stakeholders accordingly.

Expected behaviour:

- (1) The partners shall **analyse its stakeholders** (such as athletes, coaches, referees, officials, clubs, leagues, players' agents, supporters, sponsors and other commercial partners, media, municipality and other public authorities, civil society) and involve 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 partners shall guarantee **freedom of association** and appropriate participation for employees and volunteers in administration and also for professional athletes, coaches and other support personnel.
- (3) The partners shall ensure that the **wages, benefits, and working hours of employees, volunteers, 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.
- (4) The partners shall see to it that appropriate measures should be in place for the **protection of athletes** in the event of physical or financial harm due to **sport-related** injuries and accidents.
- (5) The partners shall support professional athletes in preparing for their **post-career life**.
- (6) The partners shall reward 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.).
- (7) The partners shall engage in a **stakeholder involvement process** that meets minimum standards.

Undesired behaviour:

- (8) The partners shall not subject employees, volunteers or athletes to unacceptable working hours or working conditions.

Principle 8: Health and safety

The <name of the company> and its partners shall engage to ensure a safe and healthy operating environment for employees, volunteers, athletes (including opponents) and spectators.

Expected behaviour:

- (1) The partners shall ensure **safe and healthy working conditions** for **all employees and volunteers**. In creating a safe and healthy working environment, the specific circumstances of all employees and volunteers as they relate to access to information as well as workplace experience should be taken into account.
- (2) The partners shall give special attention to the safety of **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 partners shall engage to implement adequate measures to protect the **physical well-being and health of athletes**. The schedule and format of events should be determined in a manner that will not place the financial interests of the 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 partners shall ensure 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 nonprohibited 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 partners shall in addition educate 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 partners shall engage 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.

Undesired behaviour:

Further examples to be inserted if necessary

Addenda II: Monitoring sport sponsoring agreements

As outlined in Step 3, the sport sponsoring agreement must clearly state the negotiated contractual terms between both parties, the company and the sport entity. This is obvious from a business point of view, but also highly relevant from a compliance perspective. The execution of the sport sponsoring agreement needs to be closely monitored to identify any deviations from the originally agreed contract terms, which may also indicate compliance violations (e.g., a compensation for marketing rights without the equivalent quid pro quo from the sport entity may indicate a potential kickback scheme).

Depending on the size, complexity and risk sensitivity of the sport sponsoring agreement, the company and the sport entity may agree on the following three principles as ***the basis for the monitoring process***:

- (1) Definition of Key Performance Indicators (KPIs) and the underlying methodology
- (2) Monitoring intensity (volume and intervals)
- (3) Analysis and interpretation of research results

These principles may also be used to assess the proposed commercial conditions of the sport sponsorship request during the due diligence phase (refer to Step 3).

(1) Definition of Key Performance Indicators (KPIs) and the underlying methodology

Defining relevant KPIs is crucial for monitoring the adherence to the negotiated contract. In order to find appropriate KPIs, it is important to cluster the items in what is measurable and what is not. In other words: One first has to distinguish between tangible and intangible rights.

Typical ***tangible values*** are various media rights with logo integration (e.g., on press boards, ads in stadium magazines/flyers, websites, live broadcasting), ticket contingents as well as rights for live product integration (e.g., displays). Such media rights (with logo integration) can be analysed by contact numbers such as visitor numbers, advertising contacts, web visits or media pressure. The monetary assessment of tangible components can be evaluated via common CPT (cost per thousand) or known list prices, taking into account qualitative aspects such as contact probability, involvement, exclusivity or size of the advertising presence. The most common KPIs for these kind of tangible rights are:

- Media research³⁴ (TV, Print, Online, Social Media)
 - Media value (based on on-screen visibility and reach of audience and, if applicable, special target groups within the audience)
 - Brand
 - Products
 - Advertising media (perimeter boards, stadium magazines, etc.)
 - Media equivalent value
- Market research³⁵
 - Level of prompted and unprompted awareness of the sport entity
 - Level of prompted and unprompted awareness as sponsor (general population and day-after-recalls for specific target groups like stadium visitors)
 - Level of awareness of utilized advertising media (e.g., jersey)
 - Image of sport entity
 - Qualitative evaluation of on-site presence

The **intangible values** of a sponsorship are the qualitative benefits offered within the rights package of the sports entity. Besides finding the appropriate intangible KPIs, one of the main challenges in evaluating the value of intangible assets is to define and weight universal KPIs, which are commonly relevant for all sponsors, such as:

- Prestige/Uniqueness of the sport entity
 - Relevance of the sport entity for the general population in comparison to the special-interest group (e.g., football fans) depending on the level of competition (within the league, etc.), the number of involved stars, image facets, etc. In addition, the uniqueness of the sport entity should be taken into consideration: Is the offered sponsorship a “once-in-a-lifetime” chance?
- Ambush-Guarding
 - Estimate how far the sports entity has implemented strict and preventive measures to ensure that official sponsors are protected from ambush marketing activities of non-partners (e.g., branding policies in host cities, etc.)
- Networking options
 - Ability to cooperate with additional partners of the sport entity depending on brand fit, access to new customers or communication/distribution channels, etc.

³⁴ In order to monitor sport sponsoring agreements through media evaluations, the following points may be considered (inter alia): definition of CPTs and addressing the different approaches of CPT evaluation (various sports, platforms, net rates vs. gross); definition of standards for contact calculations; handling of extrapolations of exposure values and sampling procedures; definition of media panels (i.e., at least 90% of all value drivers needs to be covered). Furthermore, it should be clearly expressed that the evaluation of a sport sponsorship agreement is made regarding all value driving media sources, as well as on-site values, hospitality and other advertising values, if applicable.

³⁵ Research quality standards, such as defined by ESOMAR or other global association, needs to be the minimum standard for market research. This should include inter alia the definition of concrete measurement approaches for awareness and image effect, and definition of approaches for evaluating hospitality contacts and other dialogue groups.

- Exclusiveness of category
 - Ability of a sponsor to build a strong and memorable alliance with the sport entity apart from its competitors (depending on the number of active competitors in this specific sponsorship area)
- Quantity of competitive promotional stimuli
 - Number of simultaneously acting sponsors (e.g., at the event, inside the stadium) that compete for a “share of voice” related to the property
- Increase of interest/relevance in the future
 - Development of interest/relevance of the sport entity in a mid- or long-term perspective (e.g., a national football team could be more interesting for a sponsor by knowing that the world championships will be hosted in its home country in five years)

(2) Monitoring intensity (volume and intervals)

The setup of the monitoring must guarantee a representative and valid evaluation of the relevant KPIs, as defined above. In order to gain representative and valid results, the following research options may be used:

- Media research
 - Monitoring period (i.e., the period should include the whole season/event and not only single matches or competitions)
 - Monitoring Panel (the panel should include all relevant channels and media, such as broadcasting channels, print media, websites, etc.)
 - Definition of relevant figures (coverage, visibility, quality/impact, etc.)
- Market research
 - Initial measurement (0-wave)
 - Methodological approach
 - C.A.W.I. = Computer-Assisted Web Interviewing (interviews conducted in an pre-recruited online panel);
 - C.A.T.I. = Computer-Assisted Telephone Interviews (interviews conducted via phone assisted by a computer software);
 - C.A.P.I. = Computer-Assisted Personal Interviews (face-to-face interviews with a laptop);
 - P.A.P.I. = Paper And Pencil Interviews (face-to-face interviews with a paper questionnaire)
 - Sample (the sample should specifically focus on the relevant target group, i.e., sports fans or sports followers or a valid subsample of a representative total population survey)
 - Sample size (the sample size should follow general scientific standards for representative surveys)
 - Frequency of survey (i.e., number of monitoring waves per season); this should guarantee a continuous monitoring and should show trends. The single waves

should be terminated on fix, strategic time slots (i.e., before the season – at mid-season – after the season).

(3) Analysis and interpretation of research results

The company may evaluate whether the sport entity should report the status of adherence to the contractual terms on a regular basis – based on the defined KPIs. Due to the fact that the role of the sport entity is critical in ensuring that the monitoring is done objectively, the oversight and responsibility for the monitoring activities may be allocated to external and neutral research consultants. This ensures that not the same person who is responsible for the implementation also does the monitoring.

The overall objective of the sponsorship analysis and interpretation of results is to identify the official, measurable market value of the offered package. Doing this, typical camouflaged overpayment or other hidden risks can be identified. This allows comparability among sponsorship engagements in different countries, events or even sports. By utilizing the above mentioned and weighted criteria, researchers will be able to deliver comparative valuations for classic forms of advertising.

Addenda III: Example of a hospitality and gift policy

A generic example of a hospitality and gift policy could be framed as follows:³⁶

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 [...];*
 - *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 organisation 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.*
 - *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.*

³⁶ Derived from Global Infrastructure Anti-Corruption Centre, Anti-Corruption Tools, Gifts and Hospitality Policy.

Addenda IV: 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.³⁷

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:

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

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

³⁷ http://www.cps.gov.uk/legal/a_to_c/bribery_act_2010/#a17.

Addenda V: 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 United Nations 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 United Nations 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 sport-related 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 sport-related 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 sport-related 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>
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 sport-related 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

			<p>obtain sponsorship; solicit or accept undue advantages from the sport entity to establish a sponsorship relationship; conflicts of interest; misuse of sponsorship and/or sport-related hospitality to obtain an undue advantage; other unethical behaviour by the sponsored sport entity.</p> <ul style="list-style-type: none"> 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., Code of Conduct for 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 sport-related hospitality. Describe the assignment of responsibility to oversee and implement the relevant policies and procedures.
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 sport-related 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 sport-related 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).
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 sport-related 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 sport-related 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	→	<ul style="list-style-type: none"> • Describe the process in place to undertake monitoring of your internal process, the sport sponsorship agreement

	improvement processes		<p>and the behaviour of the sponsored sport entity.</p> <ul style="list-style-type: none"> • 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 sport-related 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 Addenda is intended for companies to report on their own anti-corruption efforts regarding sport sponsorship and sport-related hospitality, companies may also use this structure to request information from sport entities regarding their related efforts.