

**Independent Governance Committee**

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**FIFA GOVERNANCE REFORM PROJECT**

**FINAL REPORT BY THE INDEPENDENT GOVERNANCE COMMITTEE TO  
THE EXECUTIVE COMMITTEE OF FIFA**

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### 1 EXECUTIVE SUMMARY

The “Fédération Internationale de Football Association” (FIFA) is the international governing body of football - an association established under the Laws of Switzerland.

FIFA came into existence in 1904 driven by the growing popularity of the sport and the need for some governing authority to provide guidance and oversight on the rules and regulations of the game. Initially, the founding members of FIFA consisted of a handful of European National Football Associations or Clubs. FIFA has since grown to an organization comprising over 200 National Associations.

Over these some 109 years, FIFA has seen immense growth and dramatic change - from a small group of volunteers guiding the future of an embryonic sports body to a quasi international organization and global business that FIFA has become today.

While FIFA developed from an informal structure to an organization which looks somewhat like a successful multinational corporation, one thing remained reasonably constant - FIFA remained a self-regulated and very much independent body. The laws of Switzerland are such that sports governing bodies, as well as other non-profit organizations, are relatively free of governmental rules and regulations. Furthermore, until recent years, the FIFA Congress - the ultimate governing body of FIFA - has been quite satisfied to leave the administration of FIFA to discretion of the President, Secretary General and Executive Committee.

The Executive Committee consists of 25 members. Only the President and the female member of the Executive Committee are elected by the Congress. The other 23 members are appointed by the six Confederations in accordance with an allocation defined in FIFA’s Statutes. Executive Committee members are mostly active football officials with a vested interest in further developing football in their regions/countries. When it comes to FIFA’s role as a regulator of football (e.g. medical, anti-doping, technical), this interest is not in conflict with their governance function at FIFA. In this regard, the active football involvement of the members of the deciding body is even beneficial, since it provides for the necessary know-how to effectively regulate the game. However, when it comes to govern FIFA as an economic enterprise, the inter-dependence between FIFA and its member associations in terms of financial assistance, development programs and realization of tournaments as well as the partial rivalry of the Confederations raises serious independence issues. In contrast, the governance systems of modern enterprises address such principal-agent problems by including independent directors on the Board.

While this self-regulatory arrangement was generally accepted, FIFA like many institutions did not recognize or come to terms with the growing global concern about good governance and compliance. Over the course of the last 20 years, lax governance and compliance has led to scandals in business, government, education and just about every sector in society, lessening in the public trust in many institutions.

The world of sports seemed to have survived the worst of this period of introspection. Yes, there were sporting scandals, including doping, gaming, match fixing, sexual abuse, harassment and fraud

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but it appeared that individual players or teams were held responsible, with no one particular major institution to blame.

However, this began to change in 1991 when the United States Olympic Committee (USOC) found itself mired in allegations of ethical misconduct related to the hosting decision for the 2002 Winter Olympics in Salt Lake City. In the wake of these issues the United States Congress held hearings and requested that the USOC establish an independent commission to review its governance structure. Eventually this commission issued a report in 1999 which highlighted the lack of independence shown by the Directors of the USOC; these Directors are elected by constituent groups much like the FIFA Executive Committee. In fact, the report of the commission recommended the appointment of independent directors to the Board of the USOC. The commission also pointed out that the governance structure of the USOC suffered from a lack of financial transparency, and recommended three additional standing committees — Audit, Compensation and Ethics. Interestingly, among the recommendations of this commission was the idea that an independent group of people be asked, every ten years, to assess the effectiveness of the USOC governance structure.

The problems did also involve the International Olympic Committee (IOC). In 1998 members of the IOC were accused of taking bribes from the Salt Lake Organizing Committee during the bidding process. Investigations were also launched into prior bidding process by other cities, finding that members of the IOC received gifts during the bidding process for both the 1998 Winter Olympics and 2000 Summer Olympics<sup>1</sup>. Several IOC members were expelled or sanctioned as a result of these investigations; these were the first expulsions or sanctions for corruption in the more than a century the IOC had existed. Stricter rules were adopted for future bids and ceilings were put into place as to how much IOC members could accept from bid cities. Additionally new term and age limits were put into place for IOC membership, and fifteen former Olympic athletes were added to the IOC.

Recent years have seen a distinct change in the public's view toward holding sporting institutions to account for improper governance. So, in 2001 when FIFA's media and marketing partners, International Sports Media & Marketing (ISMM) and its subsidiary International Sports Leisure (ISL) went bankrupt and allegations began to surface concerning bribery of FIFA executives, the media, FIFA stakeholders and the general public began to ask questions about the integrity of this powerful sporting institution.

Like many other bribery scandals, the ISMM/ISL case dragged on. The facts were difficult to come by and this was complicated by a lack of legal jurisdiction and the absence until 2006 of specific Swiss statutes governing this type of "private sector" bribery. So, unlike other cases where individuals and entities are brought to justice, either through criminal prosecution or civil sanctions, or both, the ISMM/ISL matter drifted on. The public perception was that FIFA was not eager to have the facts made known and this, in itself, generated greater suspicion and focus on FIFA's transparency and accountability.

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<sup>1</sup> <http://library.la84.org/SportsLibrary/JOH/JOHv8n2/johv8n2f.pdf>

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Ultimately, the facts behind the ISMM/ISL case did become public, first in July 2012 through the publication of the order for dismissal of prosecution by the public prosecutor of the Canton of Zug (Switzerland) and the report by the newly composed FIFA Ethics Committee in April 2013. While it is not the purpose of the IGC to detail the findings of these reports, suffice it to say that wrongdoing was committed and that several FIFA officials were exposed as having engaged in improper behavior.

These reports concerning the ISMM/ISL case did not inspire public confidence in the governance of FIFA. Even if they had, subsequent allegations about other scandals were adding fuel to the fire. The decisions by the FIFA Executive Committee to award the 2018 World Cup to Russia and the subsequent World Cup to Qatar - decisions currently being reviewed by the FIFA Ethics Committee - were alleged to have been improperly influenced. In addition, two Members of the Executive Committee were banned from football for allegedly offering to sell their votes to undercover newspaper reporters. These allegations about improper influence on hosting decisions were followed by a scandal over "vote buying" during the 2011 FIFA Presidential campaign. Former Asian Football Confederation (AFC) President, Member of the FIFA Executive Committee and Presidential challenger, Mohamed bin Hammam, together with former President of the Confederation of North, Central American and Caribbean Association Football (CONCACAF), President of the Caribbean Football Union and Vice-President of the FIFA Executive Committee, Jack Warner, faced sanctions by FIFA's Ethics Committee for allegedly offering bribes to members of the Caribbean Football Union in exchange for votes in the Presidential election.

There were other claims of misconduct on a Confederations level, like CONCACAF and specifically against its former President and Member of the FIFA Executive Committee, Jack Warner as well as against its former Secretary General and Member of the FIFA Executive Committee, Chuck Blazer, who both resigned from their functions at FIFA and CONCACAF. Former FIFA Executive Committee Member and President of the AFC, Mohamed bin Hammam, resigned his football duties when FIFA pursued further charges of financial wrongdoing connected to his leadership of the AFC. The investigation of the Confederation cases was substantially supported and triggered by FIFA's governance reform efforts, especially the strengthening of the internal justice system.

While these and other accusations, like manipulation of ticket sales were growing, FIFA faced an unrelated but pressing problem - that of match fixing. The number of cases of match fixing within football has been dramatically increasing in recent years. This is a problem not confined to football but given football's status as the number one sport in the world, the public attention to the issue in football is magnified. While this may not be seen as a problem of FIFA governance it adds to the public perception of weak ethics and values in a sport which is revered by billions of fan across the globe.

It is particularly troubling to consider the impact of these scandals whether internal or external to FIFA or to sports in general might have on youth. While a youngster might not care about the latest revelation of corporate or government bribery, he or she might very well be interested in what is happening to a team or sports institution that they care deeply about.

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Recognizing that their association was under attack and losing popular support, FIFA and in particular President Blatter decided that steps had to be taken to rectify the matter. After re-election in 2011, Mr. Blatter began to promote the idea of a “Solutions Committee” to help promote reforms within FIFA. At about the same time FIFA commissioned a report and asked for governance and compliance recommendations from Prof. Mark Pieth, the longtime Chairman of the OECD Working Group on Bribery. In parallel, the NGO community - spearheaded by the leading anti-corruption NGO Transparency International (TI) - began speaking out in favor of accountability and transparency within FIFA. In fact TI issued a report on recommended changes in FIFA’s governance and compliance structure.

In the end, President Blatter decided, with Executive Committee approval, to appoint an independent body – the Independent Governance Committee (IGC). In November 2011, FIFA asked Prof. Mark Pieth to establish a group of independent governance experts and stakeholder representatives to overview and support FIFA’s reform process. The purpose of the IGC was to oversee the creation and implementation of a framework of good governance and controls for FIFA to ensure the organization’s integrity with the ultimate goal of restoring confidence amongst all FIFA stakeholders, including fans and the wider public. FIFA delegated to the IGC the power and authority necessary to discharge its purpose, including but not limited to the right to assess FIFA’s response to allegations of past and current misconduct, and, if appropriate, to recommend further investigation. The IGC monitored FIFA’s governance reform process, reviewed and assessed the work by relevant FIFA Task Forces and the FIFA administration and submitted recommendations to the competent FIFA institutions (e.g. FIFA Executive Committee, FIFA Congress), based on corporate and regulatory governance principles, including requirements relating to transparency, independence, accountability, fiduciary responsibilities, and management oversight.

The IGC was generally greeted by the stakeholders and media with support. The IGC however knew that its decision not to investigate cases on its own would lead some media and stakeholder groups to be skeptical about the IGC’s efforts to help reform FIFA. The IGC members were uniform in their view that the group did not have to know the finer details of the issues that had arisen in the past in order to pursue a course of reform; rather the IGC saw its role to install the competent institutions within FIFA to take over investigational, judicial and compliance responsibilities in a systematic manner.

As with all scandals, whether in the public and private sector, many accusations are publicly made - some true some not. And, in the case of scandal, one can never be certain that all the facts might actually ever be known. There are inhibitions to always knowing what truly happened, i.e. reluctant witnesses, inadequate paper trail, inability to access financial institution records, inadequate resources, etc.

There should however, be little doubt, that the reason for inappropriate conduct can usually be determined. It is almost always a combination of personal greed, a breakdown in systems and controls and a lack of ethical and moral culture within an organization. And, once the environment leading to scandal is known, fixes can be applied.

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In the ISMM/ISL case the problem encompassed all three of the above — a lack of adequate ethical guidelines and codes of conduct within FIFA, personal dishonesty and woefully insufficient systems and controls, particularly as it applied to procurement procedures.

In order to greatly reduce the likelihood of similar cases in the future, the IGC recommended a number of corrective actions, many of which are already in place. Personal dishonesty is addressed through a new system of vetting appointments to the Executive Committee and some other Committee Chairs of FIFA. This is supplemented by a new Code of Conduct, ethics standards contained in the new Code of Ethics, an independent internal justice system and a whistleblower hotline. Tone from the top has changed and we see a beginning of change in the ethical culture of the organization. In order to ensure future compliance, due diligence of suppliers is required and there is a competitive bidding structure with controls built into it.

The way to deal with personal dishonesty within FIFA is to increase transparency and accountability and to ensure that conflicts of interest are avoided and sanctioned if detected (indeed the method of detection has been improved with an independently run whistleblower hotline and the independent investigatory function of the Ethics Committee). Transparency must include greater public disclosure of the benefits accorded to officials and officers within FIFA, including individual salaries and bonuses.

The allegations concerning misconduct within the World Cup selection process is addressed through new selection procedures, including those which takes the final decision from the Executive Committee and gives that power to the Congress. Greater oversight on gifts and entertainment provided by bidders and holding those bidders to a higher standard of conduct will also reduce the opportunity to improperly influence site selection. In fact, all third parties doing business with FIFA - whether suppliers, sponsors or bid committees - should have to abide by FIFA ethics rules.

The unanswered questions relating to FIFA reform are, whether in the short term, culture can change in order to allow for self-governance and can public confidence in the integrity of FIFA be assured without continuing external and independent oversight. Based on the experience of the compliance experts within the IGC, culture change takes time. And, until the time when real culture change occurs we believe that some outside independent body should continue to work with FIFA to ensure that the road to reform is completely finished. This outside body can be small but must be adequately resourced to do the work. The need for this continued outside effort is particularly important because FIFA has rejected the recommendation of independent, voting members of the Executive Committee. It is also our observation that some Members of the Executive Committee have not been sufficiently committed to change and believe that the reforms implemented to date are unnecessary. Fortunately, new Members have been added to the Executive Committee who are more progressive and are insistent on continuing the reform process.

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## 2 THE ROLE OF THE INDEPENDENT GOVERNANCE COMMITTEE

FIFA's challenge is to adapt its governance structure to its economic growth and its political and social significance. While several steps have been taken on an administrative level to upgrade operational structures and processes, FIFA continued to be publicly criticized for its overall lack of good governance and transparency. The criticism was reinforced by a sequence of allegations of misconduct by football officials in connection with the hosting decisions made by the Executive Committee in December 2010 (World Cup 2018 and 2022), leading to the suspension of 6 football officials, 2 of which were members of the FIFA Executive Committee, and the election campaign of presidential candidate Mohamed Bin Hammam in 2011. As a consequence, FIFA submitted some governance proposals to the Congress in 2011, thereby initiating a broader governance reform project.

In August 2011, the FIFA President mandated Prof. Mark Pieth to analyze FIFA's existing governance structure, to express an opinion on its standard and to make recommendations for improvements. The resulting report was delivered to FIFA on September 19, 2011 and was subsequently made public<sup>2</sup>. In October and December 2011 respectively, the FIFA Executive Committee formally ratified a governance reform project. At the heart of this project was the establishment of four internal Task Forces, supervised by an external, independent body<sup>3</sup>.

In November 2011, FIFA asked Prof. Mark Pieth to establish a group of independent governance experts and stakeholder representatives – the Independent Governance Committee (IGC). After a thorough and intensive search and selection process, including due diligence on candidates, Prof. Pieth presented a group of 13 persons to form the IGC: 6 members representing the legal, the compliance and the investigation disciplines (Mark Pieth, Peter Goldsmith, Michael Hershman, Guillermo Jorge, James Klotz, Alexandra Wrage) and 7 members representing various football stakeholder groups (José Luis Astiazarán, Leonardo Grosso, Sunil Gulati, Carlos Heller, Seung-Tack Kim, François Morinière, Lydia Nsekera), i.e. Member Associations, Leagues, Clubs, Players, Media and Sponsors<sup>4</sup>.

The composition of the IGC changed over time: In order to preserve the independence of the IGC, Lydia Nsekera decided to step down after she has been elected by the Congress as a member of the Executive Committee in May 2012. In January 2013, Mr. Seung-Tack Kim withdrew his membership to the IGC as a representative of a FIFA sponsor (Hyundai Motor Company) since he moved to a new position. In April 2013, Alexandra Wrage informed the IGC to leave the committee for time constraints. In June 2013, Sunil Gulati resigned as a member of the group in order to preserve the independence of the IGC, after he had been installed by CONCACAF as member of the FIFA Executive Committee at the FIFA Congress in 2013. As of December 31, 2013, when the IGC finished its work, the Committee consisted of 9 members.

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<sup>2</sup> [http://www.baselgovernance.org/fileadmin/FIFA/governing\\_fifa\\_mark\\_pieth.pdf](http://www.baselgovernance.org/fileadmin/FIFA/governing_fifa_mark_pieth.pdf)

<sup>3</sup> [http://www.fifa.com/mm/document/affederation/committees/01/53/05/80/proposal\\_pdt\\_21102011.pdf](http://www.fifa.com/mm/document/affederation/committees/01/53/05/80/proposal_pdt_21102011.pdf)

<sup>4</sup> [http://www.baselgovernance.org/fileadmin/FIFA/igc\\_members\\_bios\\_07022012.pdf](http://www.baselgovernance.org/fileadmin/FIFA/igc_members_bios_07022012.pdf)



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Following its composition, FIFA acknowledged the IGC's self-developed charter document on January 27, 2012<sup>5</sup>. The IGC defined its purpose to oversee the creation and implementation of a framework of good governance and controls for FIFA to ensure the organization's integrity with the ultimate goal of restoring confidence amongst all FIFA stakeholders, including fans and the wider public. FIFA delegated to the IGC the power and authority necessary to discharge its purpose, including but not limited to the right to assess FIFA's response to allegations of past and current misconduct, and, if appropriate, to recommend further investigation.

The IGC held first meetings in early 2012. In addition to establishing procedural rules and a financing mechanism guaranteeing the operation of the committee while maintaining its independence, the group reviewed documents and held hearings with key officials and staff in order to understand how FIFA handled various types of alleged misconduct in the past. The IGC also reviewed in detail the reform proposals made by FIFA's Task Forces<sup>6</sup>. The result of this work, including specific recommendations, was published in the first report by the IGC, dated March 20, 2012<sup>7</sup>.

Given the short timeline between the publication of the recommendations in March 2012 and the Congress 2012, the IGC supported a phased approach in the implementation of its recommendations in order to ensure an informed and democratic decision-making process by the 209 member associations of FIFA. In a first phase, key proposals relating to the institution of independent judicial and oversight bodies, i.e. the Ethics Committee and the Audit & Compliance Committee, were proposed for submission to Congress 2012 and immediate implementation thereafter. In a second phase, the remainder of recommendations was proposed to be submitted to Congress in 2013. The Executive Committee followed this approach and the Congress in 2012 approved a number of fundamental recommendations (for details see section 3.1).

The decisions at the Congress in 2012 triggered a consultation process within FIFA on the second phase of the project and the remaining reform proposals. FIFA chose to concentrate those discussions in an ad-hoc group composed of the General Secretaries of the 6 Confederations. The IGC did understand the need for consultation as part of a democratic decision-making process. At the same time, the IGC was of the opinion that the Executive Committee had a leadership responsibility in terms of clearly supporting the remaining steps towards the implementation of a framework of good governance and controls. In order to underline this, the IGC sent a letter to the President in December 2012 and summarized the most important points in its second report (see section 3.2), dated February 6, 2013<sup>8</sup>.

The IGC strongly encouraged the Executive Committee to support the outstanding recommendations and to act in the interest of FIFA and football overall. The IGC offered its active participation in the consultation process up to the Congress in May 2013, to further explain the rationale behind its recommendations. However, the IGC was surprised and actually worried about

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<sup>5</sup> <http://www.baselgovernance.org/gov/governance-in-sports/fifa/independent-governance-committee-charter/>

<sup>6</sup> The IGC decided that the proposals of the Task Force Football 2014 – which related to technical issues and the rules of the game - should not form part of its remit

<sup>7</sup> [http://www.baselgovernance.org/fileadmin/FIFA/first\\_report\\_by\\_igc\\_to\\_fifa\\_exco.pdf](http://www.baselgovernance.org/fileadmin/FIFA/first_report_by_igc_to_fifa_exco.pdf)

<sup>8</sup> [http://www.baselgovernance.org/fileadmin/FIFA/second\\_report\\_by\\_igc\\_to\\_fifa\\_exco\\_08022013.pdf](http://www.baselgovernance.org/fileadmin/FIFA/second_report_by_igc_to_fifa_exco_08022013.pdf)

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the seriousness of some of the key opinion leaders in football, when a declaration of the Presidents and Secretaries General of all 53 Member Associations of UEFA was published on January 24, 2013<sup>9</sup>, which fell short of fundamental requirements of modern governance in essential parts.

The UEFA members were of the opinion that no term limits should be introduced for members of the FIFA Executive Committee (except for the President, who is not elected by the Confederations but directly by Congress), that Congress should not have the right to confirm Confederation candidates delegated to the FIFA Executive Committee and that integrity checks on candidates – “if needed” – shall not be performed by FIFA but by the Confederations. This was a signal to the IGC that the reform agenda was likely to be high-jacked by rivaling interest groups within the organization, supported by those in fear of losing their longtime privileges and well-functioning networks.

Whereas President Blatter was ready to push most of the remaining reform package through Congress, it turned out that the consultation process was strongly influenced by reform opponents in the Confederations and one consequence of this infighting has been that the Congress 2013 was unable to pass a rule on terms of office and age limits. Until shortly before Congress the issue was blocked, in particular by UEFA, who only on the eve of Congress suddenly demanded a decision to be taken on these proposals, certain that the motion would fail to meet the required  $\frac{3}{4}$  majority vote. In order to avoid the motion to be declined, which would have shelved the topics for a long time, President Blatter proposed to defer the vote to Congress 2014.

Another consequence was that the IGC’s proposals for a centralized integrity check of key officials and employees and the addition of independent members on the Executive Committee were not completely rejected but substantially diluted. While it is commendable that the Congress principally voted in favor of integrity checks for FIFA officials running for office or seeking re-election, it was decided that those checks are performed in a decentralized manner, i.e. by the Confederations which are nominating candidates. In addition, the requirement for an integrity check applies to a much smaller group of officials than proposed by the IGC. Given this suboptimal outcome, it will be essential that the decentralized integrity checks are based on consistent best-practice standards and processes and that FIFA strictly monitors their implementation and sanctions non-compliance.

A similar situation presents itself regarding the IGC’s recommendation to have independent members in FIFA’s Executive Committee. FIFA authorized the independent Chairman of the Audit & Compliance Committee to attend the Executive Committee meetings, which is an important milestone. However, for FIFA to truly reach the standards accepted in the corporate world, the appointment of two independent members to the Executive Committee remains an IGC recommendation in the long term.

Also, in the area of transparency and accountability, more needs to be done. Expanding the responsibilities of the Audit & Compliance Committee to include the remuneration of senior officials and employees are important first steps; however, to increase transparency and public trust, the publication of individual compensation of key persons is a necessary next step.

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<sup>9</sup> <http://www.uefa.org/mediaservices/mediareleases/newsid=1913701.html>

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The above-mentioned challenges illustrate clearly that the reform is not yet finished. While it is important that FIFA continues on its reform by adapting and implementing its regulations, structures and processes, the ultimate success of the reform depends on a change in culture on all levels of the organization, especially with the key opinion leaders who need to lead by example and act in the interest of FIFA and football overall.

## 3 THE REFORM STEPS

### 3.1 INITIAL ACHIEVEMENTS

The goal of the first phase of the governance reform was the establishment of independent and professionally competent judicial and financial/compliance oversight bodies, including leadership by independent and internationally renowned experts in their fields.

The IGC made several concrete recommendations in that respect, which were supported by the Executive Committee and approved by FIFA's members at the Congress in 2012 and implemented thereafter:

- As already decided by the Congress in 2011, the Ethics Committee has been divided into an investigatory and an adjudicatory chamber;
- Both chambers have independent (in accordance with a newly introduced definition of independence) Chairmen<sup>10</sup> and Vice-Chairmen<sup>11</sup>, meeting the necessary professional requirements;
- The Ethics Committee has been given the competences and resources to discharge its purpose. Specifically, the investigatory chamber is able to draw up a budget at its own discretion in order to conduct professional investigations with internal or external resources;
- The Ethics Committee is empowered to investigate and adjudicate past issues or behavior and the investigatory chamber has the power to open investigations completely independently from any other FIFA bodies or officials;
- The Code of Ethics<sup>12</sup> has been revised and put into force, to reflect these structural and procedural changes and to clearer describe the rules of conduct and expected behavior (e.g. new standards regarding conflicts of interest, gifts and other benefits, bribery and corruption);
- A publicly accessible confidential reporting mechanism in order to systematically manage complaints and allegations of all kinds has been activated at the beginning of 2013<sup>13</sup>;

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<sup>10</sup> <http://www.fifa.com/aboutfifa/organisation/bodies/news/newsid=1664989/index.html>

<sup>11</sup> <http://www.fifa.com/aboutfifa/organisation/bodies/standingcommittees/committee=1882034.html>

<sup>12</sup> <http://www.fifa.com/mm/document/affederation/administration/50/02/82/codeofethics2012e.pdf>

<sup>13</sup> <https://www.bkms-system.net/bkwebanon/report/clientInfo?cin=6fifa61>

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- An Audit & Compliance Committee has been established with the typical supervisory role of an Audit Committee and the additional responsibilities for a Compliance Program as well as for Compensation & Benefits<sup>14</sup>;
- The Chairman and Vice-Chairman of the Audit & Compliance Committee<sup>15</sup> are independent and meet the necessary professional requirements;
- The Audit & Compliance Committee has been given the competences and resources to discharge its purpose; it has access to persons and information and can decide on the support of external advice at its own discretion;
- The Audit and Compliance Committee has established a Compensation Sub-Committee, which is responsible for developing an overall strategy and standards relating to compensation & benefits and to decide on remunerations of senior officials and employees.

The IGC regarded it as extremely important that FIFA, as a first step in its governance reform, decided to create a professional and independent investigation and adjudication function as well as a credible Audit & Compliance Committee. The IGC expressed its appreciation of FIFA's decision to implement those fundamental steps towards the creation of a framework of good governance and controls. However, the IGC pointed out that the reform process was not completed and the overall success of the project was still dependent on the approval of the remaining recommendations and their effective implementation.

### 3.2 FURTHER RECOMMENDATIONS

After Congress 2012, the focus of the IGC was to supervise the implementation of the first key decisions. For that purpose, the IGC held several meetings and phone conferences with the new and independent chairs of the Ethics Committee and the Audit & Compliance Committee, to share with them its expectations and to ensure adequate support by FIFA as well as access to information and resources.

In addition, the IGC emphasized in its second report, dated February 6, 2013<sup>16</sup>, the most important outstanding recommendations:

- All members of the Executive Committee and the Standing Committees should undergo an integrity review procedure, performed by FIFA centrally. The IGC was of the opinion that a decentralized solution, whereby the integrity review would be performed by the Confederations, would not provide for the necessary consistency and would not appropriately reflect the fact that these officials are members of the governing bodies of FIFA;
- In order to underline their role and responsibility as members of FIFA's executive body, the members of the Executive Committee should each be individually confirmed by Congress decision upon their appointment or re-appointment by the Confederations;

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<sup>14</sup> <http://www.fifa.com/aboutfifa/organisation/bodies/news/newsid=1678423/>

<sup>15</sup> <http://www.fifa.com/aboutfifa/organisation/bodies/standingcommittees/committee=1935614.html>

<sup>16</sup> [http://www.baselgovernance.org/fileadmin/FIFA/second\\_report\\_by\\_igc\\_to\\_fifa\\_exco\\_08022013.pdf](http://www.baselgovernance.org/fileadmin/FIFA/second_report_by_igc_to_fifa_exco_08022013.pdf)

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- The IGC saw it as essential that the Chairman of the Audit & Compliance Committee has access to and can participate as an observer in all Committee meetings within FIFA, including the Executive Committee; such observer role should be explicitly defined in FIFA's regulations. In fact, the IGC would have preferred at least 2 independent members to be added to the Executive Committee;
- The IGC emphasized that the introduction of term limits is a key component of good governance; therefore term limits must not be limited to specific officials (e.g. the President);
- The IGC supported the view of the Confederations that introducing age limits is less important in case terms of office will be implemented;
- The IGC supported a review of key processes and related policies, including the bidding for hosting decisions, the governance of all development projects, presidential campaigns as well as marketing and procurement activities;
- The IGC stressed the importance of transparency in the area of Compensation & Benefits and recommended a publication of information on a best-practice level compared to multinational corporations or in international organization.

The IGC made clear that these outstanding points were essential to make the governance reform a success. The IGC offered its active participation in the consultation process up to the Congress in May 2013, to further explain the rationale behind these recommendations.

### 3.3 CONCLUSIONS

The IGC is of the opinion that FIFA has successfully started its reform process and has reached some important milestones. Reforming governance and creating a sustainable compliance culture are long-term projects, especially in a complex organization like FIFA, where decision-making of 209 member associations requires a more democratic and inclusive approach than in a multinational corporation.

While FIFA is making progress in modernizing its governance and compliance system, there remain risks and challenges in three basic areas:

- the effective implementation of the decided reform steps;
- the decisions on key outstanding IGC proposals;
- the overall sustainability of the reform and cultural change.

#### *3.3.1 EFFECTIVE IMPLEMENTATION OF THE DECIDED REFORM STEPS*

The IGC has worked closely with the Ethics Committee, the Audit and Compliance Committee and FIFA's administration to ensure that the new governance structures and policies become functional. Special emphasis has been placed on the governance of Development Programs including financial controls over Members Associations, bidding procedures for tournament hosting, the Compliance Program (including training & communication, whistleblower hotline, conflicts of interest, related parties transactions), regulations relating to Presidential campaigns, governance of compensation

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& benefits, implementation of integrity checks as well as the functioning of the Ethics Committee procedures and Code of Ethics regulation. The IGC has advised a further development of certain of these elements and the corresponding details have been raised and openly discussed with FIFA and deposited with the independent Chairs of the Audit & Compliance Committee and the Ethics Committee. The IGC feels confident that those topics will be professionally handled and followed-up by the independent Chairmen of the Audit & Compliance and the Ethics Committee, who are now playing a leading role in implementation and continuing improvement.

The recent allegations about very substantial payments made by Mohamed bin Hammam to former FIFA Vice-President Jack Warner in circumstances raising a suspicion that the payments were corrupt and were made in connection with the successful Qatar bid to host the World Cup in 2022<sup>17</sup> are a good example of the importance of the creation of professional and independently lead functions, such as the Ethics Committee. The allegations in connection with the 2018 and 2022 World Cup hosting decisions are currently being investigated by Michael Garcia, former US Attorney for the Southern District of New York appointed by FIFA in July 2012 to the post of independent Chairman of the investigatory branch of the Ethics Committee<sup>18</sup>. The creation of that post and its being held by an independent and professional investigator and prosecutor was one of the key recommendations made by the IGC. The IGC's view was that only appointing a competent and experienced professional outsider to this role would enable FIFA fearlessly to investigate allegations of corruption at the heart of FIFA. The IGC also insisted that the remit of the new Ethics Committee should not be limited to investigations of events occurring after the IGC's recommendations came into effect, but that they should include investigation into events in the past. This explicitly included allegations in relation to World Cup hosting decisions and the IGC singled out this issue including the decision to award the tournament to Qatar as one that required further investigation. If FIFA is to emerge from the scandals of recent years it must now produce a convincing and transparent answer to any issues relating to hosting decisions, either to confirm that the suspicions are, sadly, well founded or to demonstrate that they are groundless. The Ethics Committee should not rest until there is a conclusive answer. It is not however to the Ethics Committee alone. This is also the opportunity for FIFA to demonstrate that they have learned the lessons of the past and are determined to see a transparent and open organization setting an example of the highest ethical standards in the interests of the game and the wider public interest. FIFA and all involved individuals must therefore fully and unconditionally cooperate with Mr. Garcia's investigation. The IGC emphasizes the importance of cooperation in light of recent media reports relating to an alleged plot to halt investigations by the Ethics Committee<sup>19</sup>. And, if allegations are confirmed FIFA must ensure that the consequences are meaningful.

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<sup>17</sup> <http://www.telegraph.co.uk/sport/football/world-cup/10703385/Qatar-World-Cup-2022-investigation-On-the-trail-of-former-Fifa-vice-president-Jack-Warner.html>

<sup>18</sup> <http://www.fifa.com/aboutfifa/organisation/bodies/news/newsid=1664989/index.html>

<sup>19</sup> <http://uk.reuters.com/article/2014/03/25/uk-soccer-fifa-garcia-idUKBREA200L020140325>



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#### *3.3.2 DECISIONS ON KEY OUTSTANDING IGC PROPOSALS*

Some remaining key IGC proposals - such as term limits, the publication of individual remuneration and the addition of independent members to the Executive Committee - are subject to decision by the Executive Committee and the Congress. In this context, a lot will depend on the individual behavior of the key opinion leaders within the organization and their willingness to embrace for genuine reform and a change of culture. It is now to FIFA's stakeholders and the public at large to ask the leaders and decision-makers of FIFA to individually and clearly explain their stance on such fundamental principles of good governance and to assess those positions.

#### *3.3.3 OVERALL SUSTAINABILITY OF THE REFORM AND CULTURAL CHANGE*

Regarding the sustainability of the reform it will be important that the professional work within FIFA is supported by a true willingness to cultural change and a steadfast commitment to integrity, accountability and transparency on all levels of the organization. In this respect, an overall greater focus should be on the Confederations and their leadership. Through their statutory right to delegate their representatives to the Executive Committee - without FIFA having a voice on those decisions - the Confederations actually control the future reform process to a large degree. It is therefore also up to FIFA's Member Associations, through their votes at a Confederation level and at the FIFA Congress, to take over a more active and independent role in choosing the future FIFA leadership and in shaping the culture of FIFA. In order to promote genuine cultural change, the IGC believes that some outside independent body should continue to work with FIFA to ensure that the road to reform is completely finished. This outside body can be small but must be adequately resourced to do the work.

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Prof. Dr. Mark Pieth  
Chairman Independent Governance Committee

#### **Disclaimer**

The purpose of this Report is to provide the Executive Committee of FIFA with an independent assessment of FIFA's governance reform project including specific recommendations regarding the improvement of FIFA's governance. The information forming the basis for recommendations contained in this Report has been obtained in good faith from FIFA representatives and from interviews with its officials and employees. The information in this Report is, in the IGC's professional judgment, an accurate presentation and analysis of the information provided to us. However, the authors accept no responsibility for any information that has been withheld, knowingly or otherwise.