

## **62<sup>nd</sup> FIFA Congress 2012**

**24/25 May 2012**

# **Governance Reform**

## **Address by the Chairman of the Independent Governance Committee**

Mr President,

Ladies and Gentlemen

On behalf of the Independent Governance Committee (IGC) and its members I would like to thank you for this opportunity to present our findings. Allow me first, though, to congratulate you to the decision to engage in this major reform process.

### **I. The challenges**

Some of you may ask, why this far reaching reform process is necessary, and probably the perceptions of FIFA's current situation will diverge.

However, I assume there is a common understanding that FIFA has evolved from a mere game regulator and organizer to a commercially extremely powerful entity. And yet, its structures have remained simple, basically those of an association according to Swiss law. It is an experience most enterprises have gone through: economic success and minimal governance structures invite risk of abuse. Clearly, a Sports Governing Body of the significance of FIFA needs a modern Governance structure. What is more, you are not a supervised entity, you have to govern yourself. That is why it is so crucial that you recognize your responsibility to regulate yourself (self-regulation).

### **II. The reform process**

Now, you have been informed about the steps of this reform process. You have heard about the very useful and constructive work done by the **Task Forces**, leading to suggestions to amend the statutes (I am referring to the Annexes C. and E. of your Congress package). Our own role has been that of an

independent oversight body. It is crucial, though, to understand that the **IGC** is made up half of professional governance experts and half of members of the football world, representing different types of stakeholders. For me it has been a very comforting experience that we in the IGC came out, at the end of intensive discussions, with results adopted by unanimity. And, what is more, they are very close to what the Task Forces, made up of insiders, are proposing to you.

Let me highlight the key Recommendations relating to the **two stages** of this reforms:

- first, the suggestions for now, the Congress 2012
- and then the issues for further consideration and decision in 2013.

### III. The reform of the internal justice system

Today, you are asked to upgrade FIFA's Internal Justice System.

The Task Force "*Ethics Committee*" has rightly placed emphasis on the **separation of powers**, and this in two ways:

- Investigation and adjudication need to be placed in different hands.
- Furthermore, the Investigatory Chamber decides independently from FIFA's administration whether to open an investigation.

Next, the Chairs of the Investigatory and the Adjudicatory Chamber of the Ethics Committee need to be **independent experienced professionals of a high standing**. We have proposed a series of names to the ExCo to choose from and this point will be addressed by the President under agenda item 13. Trust me, that we have found the best possible names available worldwide. They will lend your first stage of reform the necessary credibility.

Finally, it is essential that FIFA officials standing for election or re-election are – in the same way as this is established practice, both in the corporate world and in international organizations – subjected to an **integrity check**. "*Fit and proper conduct*" or "*due diligence*" are standard requirements of leadership in the public and the private sector. It is high time that criteria are applied also to the officials of Sports Governing Bodies. There is nothing peculiar in this, rather integrity checks have become a standard discipline, following technical rules.

### IV. Audit Committee and integrity check

Still within the first stage is the upgrade of FIFA's financial and compliance oversight:

The Chairman of the Audit Committee needs to be in the same way independent. Furthermore, you need someone with a very specific professional background, with the experience of years in a senior position in multinational enterprises. Again, the IGC has proposed a list of candidates to FIFA and there is a concrete person fitting perfectly these requirements. This point will be addressed by the President under agenda item 13.

The “**Audit and Compliance Committee**”, as it is now called, will under the new rules have three major tasks:

- financial oversight,
- compliance oversight
- and the decision on remunerations of senior officials.

#### V. Consultation phase for 2013

Turning now to your second phase of reforms:

It rapidly became obvious that there are several further fundamental issues that need to be considered, but in a democratic environment they need time for discussion. I would like to invite you to consider in particular the following Recommendations for 2013. I am merely picking some of the points made and I would like to refer to our own report (available on the web) as well as the draft statutes in annex E. of your Congress Materials.

- I am sure you will want to discuss our proposal to include an **independent component** within the **ExCo**, this is current practice in business and there are several ways of doing so. This is an item addressing the requirement of accountability.
- You will equally want to study our suggestions on new ways to determine the **remuneration** of senior officials and staff and to make the information available to Congress (addressing the requirement of transparency).
- We have made several Recommendations upgrading the system of **financial reporting** as well as streamlining the procedures on development programs. Here we are proposing unified strategies and procedures within a newly created **Development Committee**.
- There are several standard Recommendations on creating an adequate **compliance** program and a **conflict of interest policy**. This implies introducing a whistleblower hotline, open to the general public. Again, we are here in the sphere of established business principles.
- The report contains further details on the election of senior officials as well as
- on hosting and on marketing.

Now, I am not going to go through the entire list. Please read our report (handed out to you and available on the web) and please consult the reform proposals by the Task Forces. I will merely encourage you to address the key issues and to abstain from “cherry picking”. Please do not just pick the easy decisions out of a menu that has an overall logic.

## **VI. Conclusion**

I would like to conclude my presentation by inviting you to make use of this opportunity. It will not repeat itself easily: do something courageous and generations footballers, fans and further stakeholders will remember you for it!

Thank you