



Sponsors and Human Rights in the Sports Context

Sporting Chance White Paper 3.1
Version 1, January 2017



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Cite as: Mega-Sporting Events Platform for Human Rights, “Sponsors and Human Rights in the Sports Context” (Sporting Chance White Paper 3.1, Version 1, January 2017).

Attribution: This paper was prepared by John Morrison and Haley St. Dennis of IHRB, with four major international sponsors providing input: ABInBev, adidas Group, the Coca-Cola Company, and P&G. In addition, reviews of the limited number of written sources on the sponsor-MSE-human rights relationship have been reviewed and reflected.

Authorship note: The White Papers in this series represent the views of either co-authors, respective authors (where separate sections have been contributed), and in some cases, interviewees. For the avoidance of doubt, where individual authors are named, the views are their own and not those of their organisation. Where there are multiple contributors, the papers do not necessarily represent the views of each contributor and no consensus is implied.

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The Mega-Sporting Events Platform for Human Rights

The Mega-Sporting Events Platform for Human Rights (MSE Platform – www.megasportingevents.org) is an emerging multi-stakeholder coalition of international and intergovernmental organisations, governments, sports governing bodies, athletes, unions, sponsors, broadcasters, and civil society groups. Through dialogue and joint action our mission is to ensure all actors involved in staging an event fully embrace and operationalise their respective human rights duties and responsibilities throughout the MSE lifecycle. Chaired by Mary Robinson, the MSE Platform is facilitated by the Institute for Human Rights and Business (www.ihrb.org).

The Sporting Chance White Papers

This White Paper Series was originally developed to support the Sporting Chance Forum on Mega-Sporting Events and Human Rights, co-convened by the US Department of State, the Swiss Federal Department of Foreign Affairs, and IHRB in Washington D.C. on 13-14 October 2016. Comments were received at and following the Forum, and each White Paper has been updated to reflect those inputs.

A total of 11 White Papers have been produced, clustered into four themes referring to key stakeholder groups (see below). These White Papers aim to present the latest thinking, practice, and debate in relation to key human rights issues involved in the planning, construction, delivery, and legacy of MSEs. Each paper also considers the case for, and potential role of, an independent centre of expertise on MSEs and human rights.

Each White Paper has been published as “Version 1” and the MSE Platform would welcome comments, input, and expressions of support with regard to future iterations or research on each topic.

1. Sports Governing Bodies

- White Paper 1.1 Evaluating Human Rights Risks in the Sports Context
- White Paper 1.2 Sports Governing Bodies and Human Rights Due Diligence
- White Paper 1.3 Corruption and Human Rights in the Sports Context

2. Host Actors

- White Paper 2.1 Host Actors and Human Rights Due Diligence in the Sports Context
- White Paper 2.2 Procurement and Human Rights in the Sports Context
- White Paper 2.3 Human Rights Risk Mitigation in the Sports Context
- White Paper 2.4 Remedy Mechanisms for Human Rights in the Sports Context

3. Sponsors and Broadcasters

- White Paper 3.1 Sponsors and Human Rights in the Sports Context
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Executive Summary

Human rights groups have for some years lobbied sponsors* to bring about human rights improvements in the context of mega-sporting events (MSE) – from Beijing and London, through to Sochi and Rio. This is based in part on a belief that their investment in the process puts them in a position to exert significant influence and leverage over host governments, sports governing bodies (SGB), and others involved in the planning and staging of an MSE.

This draft White Paper explores the state of human rights as it relates to the sponsor-MSE relationship. It considers the history, models and mechanics of MSE sponsorship first, before reviewing the human rights risks traditionally posed by or involving MSE sponsors.

At the local event level, local sponsors may in some instances be vetted by SGB's local-level entities (for example, local organising committees, national Olympic committees). On the other hand, international sponsors are not typically subject to due diligence by local SGB entities, as their partnership deals are agreed at the international level with the SGB directly.

At the international sponsor level, while the process of SGB due diligence on sponsors is not entirely new, it is unclear what due diligence SGBs carry out to ensure their standards are met, how they determine what is deemed to conflict with their values, and whether human rights considerations are taken into account. It would be noteworthy if a SGB undertook explicit human rights due diligence on sponsors beyond the area of products/goods suppliers and license holders. Given global sponsors are not procured through open tenders (instead, typically through bilateral negotiation), greater transparency is needed to ensure that adequate human rights vetting does occur in the future and where appropriate that it is aligned with the due diligence undertaken for local sponsors.

On the flip side, while the majority of global Olympic and FIFA sponsors already have a human rights policy that explicitly commits to respecting human rights, the process of implementing these commitments in the MSE context through systematic human rights due diligence on the SGB is less common.

Sponsors report that their due diligence in an MSE context occurs more often at the local level, when local business units need to understand the associated risks and mitigations of upcoming events. However, the reality is that by this time the event has already been awarded, their due diligence plays no role in influencing the decision of where to host or any aspect of the conditions, including on human rights terms, between sports bodies and the LOC/NOC.

Sponsors maintain they hold the greatest leverage over the activities of the SGB/MSE (the rights holders) at the point of negotiation, before the sponsor relationship has

been formalised. Once signed, sponsors indicate they have far less scope to make new demands or raise new expectations. This is largely due to the fact that they are dealing with a monopolistic rights seller, and competing with a range of other potential sponsors. Tied to this, sponsors indicated this leverage does not extend itself to influence over the host city; sponsors' leverage is primarily with the rights holder alone, which is one step removed from the host entity.

In using their influence and leverage, it is clear that rather than publicly intervene in an alleged human rights issue related to an MSE (but not necessarily related to the sponsor's products, operations or activities), sponsors prefer to act 'behind the scenes'. This typically takes the form of serving as sounding boards for dilemma situations and providing insights and guidance to SGB, LOCs, NOCs, and others involved in MSE delivery. Similarly, rather than developing extensive networks with the government, NGOs, and others locally, sponsors have generally sought to develop the capacity of the NOC or LOC to do this.

Some sponsors believe there is much more that SGBs can and should do 'upstream' to ensure that human rights is an integral part of the tendering, sport-listing, and awarding process – so that commitments are made by host governments/cities and LOCs from the start. This creates a business case for sponsors to concentrate their human rights due diligence and leverage efforts during the negotiation phase, and upon the pre-bid, bidding, short-listing and awarding processes. There is a clear hope by sponsors that SGBs will introduce human rights fully into future bidding processes, a clear area where sponsors can already begin to exert their influence. Once introduced, such commitments also create fertile ground for leveraging progress on practical implementation.

In addition, in recent years the nature of sponsorship has been changing: relationships between sponsors and SGB are becoming longer and more bespoke to specific product categories; some of the traditional boundaries between sponsorship, advertising, and broadcasting are breaking down with the on-line marketing sphere becoming increasingly dominant; and as MSEs become more and more global so too will sponsorship portfolios. How these developments may influence the nature of sponsor leverage over the human rights impacts of an MSE must be closely watched and anticipated.

To date, and in the path of the high expectations placed upon them by campaigners and the media, individual sponsors have tended to act alone on human rights in the MSE context. Yet given the apparent low state of sponsor leverage and existing due diligence over human rights issues in the MSE context, sponsors have struggled to protect the reputation of the franchise when faced with social risks over which they have little or no direct control.

This creates a case and opportunity for greater collective action between sponsors in order to build leverage, and also to work with other stakeholders to embed human rights into the DNA of the sponsor relationship. Multi-stakeholder approaches can help develop consensus around a number of pressing questions for sponsors in relation to MSEs and human rights, including: determining the most salient human rights issues within the MSE context, as well as rubric for determining their level of

involvement in potential impacts; how to best prioritise their due diligence efforts; and, the appropriate role of an MSE sponsor in providing access to effective remedies, amongst others.

The sponsors that participated in interviews for this white paper all believe that this might be best facilitated through a new, independent, and permanent centre, platform, or mechanism that can establish multi-stakeholder trust and maintain focus over the years of implementation ahead.

This paper focuses mainly on IOC and FIFA sponsor relationships, although it is recognised that sponsorship is also a significant driver for other international events (such as tennis, Formula One, rugby, and cricket, amongst others) and in professional sport at the national level (e.g. baseball, football, basketball or ice hockey in the context of North America).

Four major international sponsors provided input for this paper. In addition, reviews of the limited number of written sources on the sponsor-MSE-human rights relationship have been reviewed and reflected. As such, this paper cannot be considered to be representative of all MSE sponsor views globally.

Mapping the Sponsor Industry

1

In order to understand and strengthen the role of sponsors from a human rights standpoint, it is essential to first understand the history, nature, and mechanics of sponsors relationships. In this way, diverse stakeholders can make better informed choices about the most effective ways that leverage can be exercised, both in terms of preventing or mitigating negative human rights impacts of MSEs or in the provision of adequate remedies.

1.1 Brief History

The role of sponsorship in the history of MSEs starts with the Olympic movement and is nearly as old as the modern Games themselves. In 1912, ten Swedish companies

purchased 'sole-rights' to take photographs and sell memorabilia at the Stockholm Olympics. At the Amsterdam 1928 Olympics, rights were offered to concessionaries, such as breweries, for the first time. The 1928 Games also marked the start of The Coca-Cola Company's uninterrupted record of Olympics sponsorship that continues today.

Human rights has also been an issue for MSEs since these early days, with the legacy of the 1936 Berlin Games, hosted by the Nazi Government, demonstrating why human rights should matter to sports bodies and sponsors alike.

For much of the 20th century, corporate sponsorship of the Olympics was both small in scale and provided typically by local companies. But by the time of the Montreal 1976 Olympics, a staggering 628 sponsors and suppliers were supporting the Games. Despite this expansion in partnerships, the local organising committee's (LOC) overall yield was low, and Montreal was left with debts that took over thirty years to repay. The sponsors themselves also started to question whether they were seeing a reasonable return on their investment.

The Los Angeles Olympics of 1984 was a turning point. Instead of securing small sponsorship deals from a large pool of sponsors, the hosts sold sponsorship rights to a select group of domestic brands for substantial amounts of money. The Los Angeles LOC put in place three tiers of sponsors: official sponsors, companies that purchased 'supplier' rights, and licensees. Los Angeles also created what were in effect monopoly rights, by instigating a system of "product category exclusivity", which meant that only one company selling the same or similar products could acquire sponsorship rights within any given sponsorship tier. This led to Los Angeles becoming the first profitable Games since 1932.¹

In 1985, the International Olympic Committee (IOC) set up The Olympic Partners (TOP) worldwide sponsorship programme, based on the Los Angeles product exclusivity model. Today, FIFA [and other global sports federations] have their own similar product exclusivity models.²

1.2 Financial Implications and Sponsorship Models

In the case of the IOC, revenue generated by commercial partnerships now equates to over US\$2.7 billion and accounts for more than 40% of Olympic revenues (see image below).³ Similarly, global professional association football revenues total US\$33

1 See further, Institute for Human Rights and Business (IHRB), "Human Rights and Mega-Sporting Event Sponsorship" (May 2014), at: <https://www.ihrb.org/megasportingevents/resource-view/bidding-to-host-a-mega-sporting-event>.

2 Ibid.

3 International Olympic Committee (IOC), "Olympic Marketing Factfile" (2016), pg6, available at: <https://stillmed.olympic.org/media/Document%20Library/OlympicOrg/Documents/IOC-Marketing-and-Broadcasting-Gener>

billion a year – accounting for 40 per cent of all sports revenue globally.⁴ FIFA itself has reported reserve funds of US1.5 billion.

Olympic Marketing Revenue: The Past Five Quadrenniums*

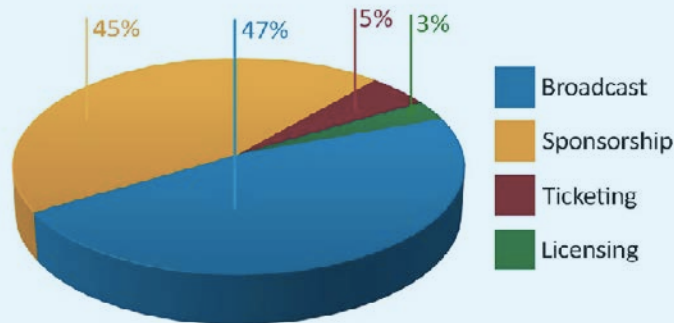
Source	1993 – 1996	1997 – 2000	2001 – 2004	2005 – 2008	2009 – 2012
Broadcast	1,251	1,845	2,232	2,570	3,850
TOP Programme	279	579	663	866	950
OGOC Domestic Sponsorship	534	655	796	1,555	1,838
Ticketing	451	625	411	274	1,238
Licensing	115	66	87	185	170
Total	2,630	3,770	4,189	5,450	8,046

All figures in USD millions

* All figures in the chart above have been rounded to the nearest US\$1 million.
N.B. Does not include NOC domestic commercial programme revenues.

Olympic revenue is composed as follows: ⁵

OLYMPIC MARKETING REVENUES



1.2.1. The Olympic Partners Programme

The Olympic Partners (TOP) programme,⁶ established in 1985, was developed to ensure the Games were ultimately profitable for the IOC, National Olympic Committees (NOC) and host cities, and sought to create a long-term basis for corporate sponsorship of the Olympic movement. Since its inception, the IOC has granted exclusive global marketing rights to around a dozen companies at any one time, each from a broadly different product or service category (as above, known as “product category exclusivity”).

The IOC distributes the majority of its TOP and broadcast revenue to NOCs, International Federations (IF) and local organising committees (LOC) throughout the world (see

al-Files/Olympic-Marketing-Fact-File-2016.pdf#_ga=1.241742788.795081020.1469580993

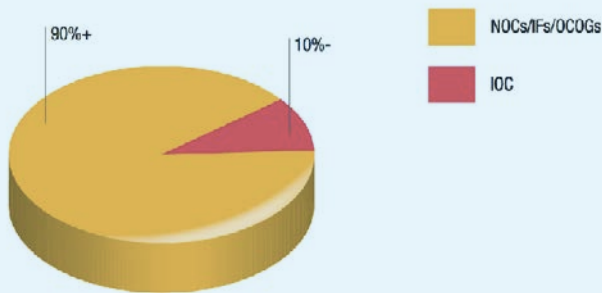
4 John G. Ruggie “For the Game. For the World: FIFA and human rights”, (2016), available at: <https://www.hks.harvard.edu/centers/mrcbg/programs/crri/research/reports/report68> .

5 IOC, Revenue Sources and Distribution (last accessed 3 October 2016), available at: <https://www.olympic.org/ioc-financing-revenue-sources-distribution>

6 <http://www.olympic.org/sponsors>

image below). Sponsorship revenues are shared between the LOCs for the Summer and Winter Olympics within a four-year cycle (“quadrenniums”), and the NOCs of these two hosts countries (see image below).

*Olympic Marketing Revenue Distribution:*⁷



*Contributions to NOCs:*⁸

IOC contribution to support the Olympic Games

Olympic Games	Total (in USD millions)
Athens 2004	965
Beijing 2008	1,250
London 2012	1,374

Olympic Winter Games

Olympic Winter Games	Total (in USD millions)
Salt Lake 2002	552
Torino 2006	561
Vancouver 2010	775
Sochi 2014	833

1.2.2. Local Organising Committee Sponsorship Programmes

As above, SGBs like the IOC and FIFA have their own global sponsorship or commercial partnership programmes. Independently, LOCs also establish domestic or national sponsorship and licensee programmes to raise funds for the staging of an MSE in their country. The brand rights of global sponsors of MSEs normally take precedence over national level sponsors under the terms of a contract between the SGB and the host city / government.

For example, the LOC for the 2012 London Olympics, LOCOG, received no government funding and needed to raise at least £700 million in sponsorship in order to stage the Games. According to reports, LOCOG was able to generate the full £700 million through its different tiers of sponsors, comprising:

- Seven domestic Olympic Partners, each contributing US\$63 million
- Seven Official Supporters, each contributing \$31 million
- 28 Official Providers and Suppliers, each contribution \$15 million

In addition, the London Games generated £659 million through ticket sales, or additional income from LOCOG’s 65 licensed manufacturers.⁹

⁷ International Olympic Committee (IOC), “Olympic Marketing Factfile” (2016), pg. 6, available at: https://stillmed.olympic.org/media/Document%20Library/OlympicOrg/Documents/IOC-Marketing-and-Broadcasting-General-Files/Olympic-Marketing-Fact-File-2016.pdf#_ga=1.241742788.795081020.1469580993

⁸ Ibid.

⁹ See further, Institute for Human Rights and Business (IHRB), “Human Rights and Mega-Sporting Event Sponsorship” (May 2014), at: <https://www.ihrb.org/megasportingevents/resource-view/bidding-to-host-a-mega-sporting-event..>

1.2.3. FIFA's Three-Tier Sponsorship Model

Since 2006, FIFA has operated a three-tier sponsorship model (see image below). Like the IOC's TOP programme, FIFA's sponsorship is based on a model of product category exclusivity. FIFA's sponsorship agreements tend to include: branding, partnership, field branding, marks on packaging, and "sole and exclusive" rights (in other words, rights to the above at the exclusion of other brands within the same product category).

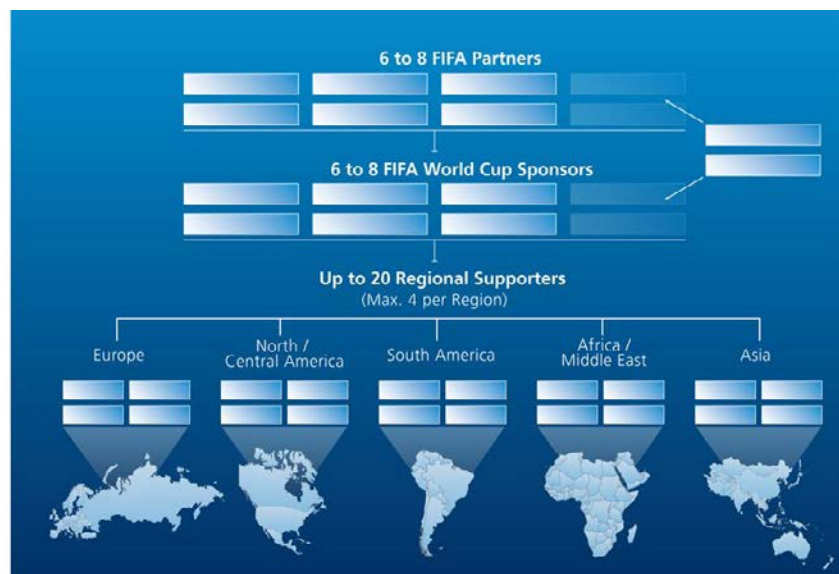
At the top of the pyramid are the FIFA Partners,¹⁰ which exert the highest level of commercial affiliation with FIFA and all of FIFA's sporting events. FIFA partners have rights across their portfolio of properties (World Cups, Confederations Cups, age-group tournaments, and so on), but also sponsor FIFA as an organisation. Their sponsorship money goes to FIFA and into the development of grassroots football internationally.

FIFA's second tier, referred to as FIFA World Cup Sponsors, includes sponsors who have rights regarding FIFA World Cups and Confederations Cups, but not regarding FIFA the organisation. This group, according to FIFA, benefits from selected marketing opportunities and media exposure.

Lastly, the third category called Regional Supporters enables companies based in or with roots in the host country and region of each FIFA event – including the Confederations and World Cup – to associate themselves with FIFA and the competition in their domestic markets.

There are some cases where FIFA Partners have precedent over World Cup Sponsors, where resources are limited or in short supply. For example, FIFA Partners would have first choice of hotel rooms where that service provider contracts with FIFA. FIFA Partners also have dedicated digital signage during matches, whereas World Cup Partners share some of their rotations with other sponsors.

*FIFA World Cup Sponsorship Strategy:*¹¹



¹⁰ Currently: Adidas, Emirates, Hyundai and Kia Motors, Sony, the Coca-Cola Company, and Visa.

¹¹ <http://www.fifa.com/about-fifa/marketing/sponsorship/> (last accessed Oct. 2016)

1.3 The Mechanics of Sponsorship

Based on the history of MSE sponsorship over the past 30 years, a number of key factors can be observed about how sponsor-MSE relationships are structured.

1.3.1. Variance in Sponsorship Models

When it comes to sponsorship models, as above, it is clear that there is a significant variance between sporting traditions. The IOC operates what is closer to a franchising model, where control is split between the global sponsorship (over which the IOC exerts control) and domestic sponsorship deals (where most control lies with individual LOCs).

This is not the case for some of the individual sports federations. FIFA and UEFA, for example, whilst having LOCs for specific events, keep direct control of most aspects of delivery: from liaising with local government to raising the necessary revenues. As such, these sponsors typically only negotiate with the SGBs.

Nonetheless, whether or not a partner of the host market entity, sponsors work to ensure a healthy relationship and close engagement with the LOC given their local prominence. Local business units act often as ambassadors to the event and execute a sales role on behalf of headquarters.

1.3.2. Sports Governing Body Control

Given the way contracts are structured, and since they are essentially licensing intellectual property for sponsors to use in their commercial business, SGBs maintain broad approval rights. They also maintain on-going leverage over the sponsor given their monopolistic ownership of the commercial rights relating to the MSE. For example, if the SGB is uncomfortable with the way the sponsor is marketing the brand they can exercise those rights to influence the relationship profoundly, controlling use of the sports brand.

1.3.3. Preferential Rights

Whether a sponsor has a preferential position or additional rights varies considerably from category to category, and company to company. For example, Omega or Atos have a range of technology-based products they are selling in addition to sponsoring. Those all have additional pricing associated with them. Other sponsors have relationships less focused on specific products or services and more on marketing and cash investment.¹²

Contracts sometimes maintain the right of first negotiation for the existing sponsor, meaning they are able to decide whether to re-sponsor before the SGB can court interest from other potential sponsors. In some cases those rights are exclusive by product category. In others, existing sponsors have right of first refusal, meaning at

12 Information drawn from interviews for this paper.

contract conclusion they are offered a new deal by the SGB and have the option of accepting or refusing (potentially with compensation) before it is offered to another. This might be described as an “all in or all out” relationship.¹³

1.3.4. Timelines

The timelines involved in sponsorship depend on the asset. They can be cyclical (e.g. for the UEFA Champions League (UCL)), for a single term (e.g. acting as a local supplier to a LOC) or longer-term (e.g. the FIFA Partners and IOC TOP sponsors).

Historically these properties have worked in four-year cycles. Sponsors would negotiate accordingly, knowing that all relationships were up for renewal at end of the fourth year.

This model has since changed, given the size and scope of investment necessary on both sides. The trend is increasingly toward lengthier contract periods, anywhere from four years up to twenty years.¹⁴

1.3.5. Bespoke Agreements

Historically, agreements conformed to set templates and were renewed at regular intervals and in parallel, as above. This has shifted to a more common practice where agreements are more bespoke, reflecting the specific needs of the sports bodies and sponsors.

Sponsors have long enjoyed some level of exclusivity in relation to product category. Historically sports governing bodies tended to suggest what assets might be available to the sponsor. Now, sponsors increasingly suggest new emerging opportunities. For example, sponsors may push to directly associate MSE delivery activities with key products (e.g. Omega and event time keeping, “man of the match” by Budweiser for the Copa America,¹⁵ amongst others).

1.3.6. Cross-Departmental Corporate Involvement

Depending on the scope of the agreement, sports sponsorship can be a highly involved strategic work stream within companies. Sponsorship agreements are forged with the input of many internal stakeholders, including Sports Marketing, Legal & Compliance, Corporate Communications, Finance and Executive Management. It demands that all relevant considerations are placed on the table and that there is broad alignment across the company’s functional departments, as well as with the responsible business unit leading the negotiations.

13 Information drawn from interviews for this paper.

14 Information drawn from interviews for this paper.

15 Copa America, Awards (last accessed 3 October 2016), available at: <http://www.ca2016.com/awards/vote>.

1.3.7. Broadcasting

Typically, anything a sponsor does in relation to advertising on broadcast around an MSE is negotiated between them and the rights-holding broadcaster, separate from the sponsorship agreement.¹⁶ For example, specific advertising arrangements with broadcasters tend not to be included in FIFA sponsorship agreements, nor are any specific preferential rights given to sponsors when approaching broadcasters. Similarly, from the IOC standpoint, there tends to be no media component included as part of the sponsorship deal and it is up to sponsors to negotiate these with the relevant rights-holding broadcast companies.

Similarly, there is no commitment that the sponsor has to run any broadcast advertising. There is often a certain window in which the sponsor has the first right of negotiation and can choose to do that for some kind of exclusivity, but that comes at an additional price. Otherwise, it seems the sponsor has no inherent advantage to advertising or broadcasting rights because of their sponsorship status, apart from being in the same room at IOC meetings and understanding the strategic direction of specific MSEs.¹⁷

More broadly, for some consumer-facing sponsors, it is hard to think about broadcasters just in relation to MSEs because there are often ongoing relationships with broadcast companies beyond the world of MSE sponsorship. It tends to be an “organic process” to put communications together, with no strategic overlay dictating how it will all play out; the sponsor’s brand has a message they want to put out and each advertising agreement is built from there.¹⁸

1.4 The United Nations Guiding Principles on Business & Human Rights

Since 2011, there has been international consensus on the nature of the responsibility that business enterprises have for their human rights impacts. The UN Guiding Principles on Business & Human Rights (UN Guiding Principles)¹⁹ are a very useful starting point for exploring the role of sponsors in relation to the human rights impacts of MSEs.²⁰ A number of other international frameworks, such as the OECD Guidelines on Multi-National Enterprises, and the European Union’s Communication on Corporate Social Responsibility, are aligned with the UN Guiding Principles.

16 Information drawn from interviews for this paper.

17 Information drawn from interviews for this paper.

18 Information drawn from interviews for this paper.

19 Office of the UN High Commissioner for Human Rights, “United Nations Guiding Principles on Business and Human Rights: Implementing the Protect, Respect, Remedy Framework (2011), at: http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf

20 LOCs are normally set up as business enterprises and some SGB themselves might also be determined to engage in commercial activities. For example, the Swiss Government’s “National Contact Point” under the OECD Guidelines on Multinational Enterprises has determined that FIFA falls within the guidelines.

The UN Guiding Principles state that business should “respect” all human rights, “avoid infringing on the human rights of others” and “address adverse human rights impacts with which they are involved”. An overview of these responsibilities are detailed in the Annex to this paper.

Many sponsors have already begun to meet their responsibility to respect human rights across through internal governance programmes and improvements across their supply chains. However, these steps to respect or support human rights within the core operations of their business do not necessarily address those issues that might arise at MSEs and in connection with their sponsorship.²¹ MSEs can impact a number of specific human rights issues, from land appropriation and construction to security and freedom of expression. Sponsors may become entangled in these issues, as the brand being exclusively marketed at the MSE and seen as the financier for the event and its human rights footprint. The involvement of a sponsor might also be said to have a more general effect by, for example, allegedly conferring legitimacy on governments with questionable human rights records.

The challenge to sponsors in all of these situations is complex. Only a selected few – generally consumer-facing – sponsors may be targeted by public campaigns and other advocacy to act as agents of change. Other local sponsors may have limited or no visibility outside of the host country.

At the same time, sponsors often have little to no control over the events themselves, and tend to join or renew the sponsorship process once a bid to host has already been awarded – rather than beforehand, when opportunities to leverage commitments and action by SGBs or host entities are higher. Similarly, the multiplicity of different sponsorship models and bespoke agreements make it more difficult to develop a uniform approach.

Put concretely, sponsors need to consider the following in relation to any salient human rights risk:

- What is the nature of the relationship between the sponsor and the negative human rights impact: has the sponsor caused the impact, contributed to it, or is it directly linked to the impact through its operations, products, or services?
- What steps is the sponsor taking to prevent and/or mitigate the negative impacts?
- If the sponsor is not the cause of the negative impact, what steps can a sponsor take to increase its leverage over the actor(s) at cause in order to prevent or mitigate?
- How do sponsors lead or participate in the establishment of effective remedies for the victims of negative human rights impacts?

21 UN Guiding Principle 11: “Business enterprises may undertake other commitments or activities to support and promote human rights, which may contribute to the enjoyment of rights. But this does not offset a failure to respect human rights throughout their operations.”

1.5 New Trends

Based on the history of MSE sponsorship over the past 30 years, as well as interviews with several current MSE sponsors, a number of key factors can be observed about new trends in the MSE-sponsor relationship and what they mean for the future of human rights and MSEs from the sponsor perspective

1.5.1. New Sponsors

The marketplace for global sports sponsorship has become much more competitive, with brands from emerging economies and the technology space showing increasing interest in acting as sponsors. For example, there are:

Global companies aiming to penetrate or consolidate in emerging markets.
Technology and internet-based companies that are increasingly featuring as MSE sponsors, particularly as the broadcast content from these events moves online.
Companies from emerging economies, including those hosting future events, using MSEs as a platform to become regional or global brands.

The involvement of new types of sponsor should be anticipated, both in terms of human rights due diligence expectations, cross-sponsor engagement, and also in the leverage they might bear on MSEs in the future.

And with each new hosting of an MSE, there is also be a fresh set of LOC-driven sponsors. Such sponsors may be local, or international in outlook, of varying types and scale, with different capacities, knowledge and willingness to engage on human rights topics.

1.5.2. A Two-Way Relationship

It also seems possible that due diligence and vetting will increasingly become a two-way process. Global sport will not always be in the state of crisis it has recently undergone. SGB and host cities may increasingly ask questions about sponsors and how they align with the fair play and healthy lifestyles upon which their competitions are premised. Therefore sponsors need to approach issues of human rights with a much higher degree of transparency.

Related to this, given the trend toward SGB commitments to incorporate human rights into the DNA of their MSEs, it is possible that the current human rights challenges facing sponsors and other stakeholders may diminish in future as these commitments are formalised and put into practice.

A counter influence, however, may be the fact that there seems to be a diminishing level of competition to host MSEs due to cost and other concerns. If that continues, bidding cities may gain more power and control over the way an MSE is run, and in doing so resist sponsor or other stakeholder calls for safeguarding human rights and other protective measures.

1.5.3. Social Media and Broadcasting

The movement of marketing and sports viewing online raises a whole set of new issues about how exclusivity can be protected. Some sponsors are clearly taking social media very seriously.²² At the same time, TV still gets large viewer numbers for live sports and will continue to feature prominently.

A 2015 report, “the Future of Sports”,²³ predicted that the sports broadcasting landscape is likely to change considerably in the future, due to:

- The entrance into the market place of Google, Facebook, and other “over-the-top” players, which might try to outbid traditional broadcasters for MSEs, and potentially air them online for free. Indeed, this is already evident with Twitter’s live-streaming of the NFL in the United States.
- Increasing efforts by athletes to assert control over their off-the-field media presence, which could challenge the current financial influence of a broadcaster by creating other powerful stakeholders in the MSE broadcasting model.²⁴
- The loss of advertising revenues from pirated sports content.

This change in viewing habits and increasing use of a range of technologies to consume programming means an increasingly complex model for broadcasters, and a changing landscape that sponsors will have to continually assess to determine whether they are receiving the return on investment that their sponsorship previously earned.

Human Rights Risks

2

2.1 Human Rights Campaigns and Sponsors

In recent years, some media and civil society groups have hinged their advocacy efforts around a company’s alleged adverse human rights or environmental impacts on their involvement as an MSE sponsor or formal supplier, linking the abuse to the MSE.

²² ABInBev, for example, has a global tie-in with Facebook.

²³ USA Today, “The Future of Sports” (2015), available at: <http://www.gannett-cdn.com/usatoday/editorial/sports/The-Future-of-Sports-2015-Report.pdf>

²⁴ See, for example, the building of basketball player LeBron James’ brand - the value of his brand to his former team was estimated to be \$100m in 2014: Mondaq, “United States: LeBron James: Building A Jordanesque Brand” (25 June 2014) available at: <http://www.mondaq.com/unitedstates/x/323112/Trademark/LeBron+James-+Building+A+Jordanesque+Brand>

For example, The Independent newspaper and the NGO coalition Greenwash Gold²⁵ reported allegations against the mining firm Rio Tinto – a London 2012 ‘third-tier supplier’ – over air pollution in Utah, USA, and adverse impacts on water use in the Mongolian desert; both locations from which it sourced metal ore for Olympic medals. The company denied the allegations.

Other groups have focused on the sponsors’ alleged involvement in adverse human rights impacts unrelated to the MSE itself. This was perhaps most notable in the case of former Dow subsidiary Union Carbide (India)’s role in the 1984 Bhopal tragedy. Union Carbide operated the Bhopal gas plant at the time of the tragedy, before merging with Dow Chemical in 2001. By this time Union Carbide had sold its Indian assets in 1994 to McLeod Russel (India) Ltd. (later renamed Eveready Industries India Ltd.) and it funded the building of a hospital. Amnesty International UK and the Indian Olympic Association were among those lobbying the IOC to end Dow’s sponsorship of the London Games. This prompted Action Aid executive Meredith Alexander’s resignation from the independent oversight body, the Commission for a Sustainable London 2012. A similar focus was brought on London 2012 ‘Sustainability Partner’ BP’s role in the 2010 Deepwater Horizon oil spill disaster in the Gulf of Mexico. Another case fell on the eve of the 2012 Paralympics, when protestors from ‘Disabled People Against the Cuts’ clashed with police over Olympic sponsor Atos’s role in controversial UK “fitness-to-work” tests on incapacity benefit claimants.

Such examples may be seen to reflect badly on the governing body or local organisers that invited these companies to be sponsors, as was highlighted by London’s Commission for a Sustainable London 2012 as an area of particular stakeholder concern. In its final “Beyond 2012 - Outcomes Report”,²⁶ the Commission recorded calls by key constituents for an ethical framework to guide both the selection of corporate sponsors by event organisers and to lay down what would be expected of them in that role.

These campaigns often target major sponsors based on perceptions of their potential leverage. For example, ahead of the Beijing Olympics, corporate sponsors GE, Coca-Cola, McDonalds and adidas Group were targeted in the hope they could persuade the Chinese government to stop repression in Tibet or halt crimes against humanity (e.g. the Save Darfur Coalition’s Dream for Darfur: Olympic Torch Relay campaign). None of the companies were directly involved in the abuses themselves. Similarly, at the time of the Sochi 2014 Winter Olympics, campaign groups asked TOP sponsors to lobby the IOC over, and speak out against, the discriminatory laws and negative treatment of the Lesbian, Gay, Bisexual, Transgender and Intersex (LGBTI) community in Russia. In February 2013, AT&T – a long-term sponsor of the US Olympic Team – responded to campaigners’ demands. In a public statement, the company said: “We support LGBT equality globally and we condemn violence, discrimination and harassment targeted against LGBT individuals everywhere.” Two other US Olympic Team sponsors, yoghurt maker Chobani and DeVry University also spoke out against the Russian law. TOP Olympic Sponsors Atos, Dow, Coca-Cola, GE, Panasonic and Samsung, were among

25 A joint campaign developed by the London Mining Network, Bhopal Medical Appeal and UK Tar Sands Network

26 Commission for a Sustainable London 2012, “Beyond 2012 - Outcomes” (2013), pg. 45, available at <http://www.cslondon.org/publications//?category=1&did=111>

companies that said they had raised concerns over Russia's discrimination of the LGBTI community with the IOC. Panasonic for example said: "We are engaged with the IOC on this important topic and support its recent statement that sport is a human right and the Games should be open to all, spectators, officials, media, and athletes, regardless of race, gender, or sexual orientation."

2.2 The Impacts of Brand Protection

Corporate sponsors are typically granted exclusive rights to market products in exchange for their financial or in-kind contribution to the MSE. To cement the deal, both FIFA and the IOC require the host city / government to put in place systems (if necessary by enacting laws or city ordinances) to protect the sponsors' brand rights from so-called 'ambush' marketing by companies that are not sponsors of the MSE.

FIFA, for example, expects its authorised representatives, or public officials of the host city acting in close coordination with FIFA, to be given the powers to immediately confiscate any materials and/or halt any actions which constitute such activities. In practice, LOCOG was able to achieve its sponsorship targets for London 2012 not only by offering its commercial partners product exclusivity, but also through such 'brand protection'. Portugal and Italy similarly put in place local brand protection for sponsors of the Euro 2004 Football Championship and the Turin 2006 Winter Olympics respectively.

While there may be a case to restrain brand activity near MSE stadiums by commercial competitors of major sponsors due to sponsors' substantial investments to support the staging of the MSE, there are concerns that the rules are too wide and indiscriminate, impacting freedoms of expression and assembly in particular. Activists might want to use the company's insignia or logo in satirical posters if they are campaigning against the company, or if they unfurl a rival company's banner to make a political point. For example, Liberty highlighted sweeping powers under the London Olympic Games and Paralympic Games Act (2006) – which among other things forbade the use of terms like 'London', '2012', and 'Games' being used together on any public materials, even where the purpose was non-commercial or educational.

The IOC and FIFA's host city contract also requires host authorities to control or eliminate street vending within commercial exclusion zones in the immediate vicinity (usually 2km) of sporting venues where only companies authorised by FIFA/IOC can sell or advertise products and perform services.²⁷

Such restrictive rules may constitute a restraint on trade for small traders and street-vendors who expect to continue, or receive a boost in, their business during the staging

²⁷ The IOC and FIFA's Host City Contract/Agreement requires host authorities to introduce legislation or by-laws to prohibit ambush marketing, and control or eliminate street vending. FIFA expects FIFA authorised representatives, or public officials of the Host City acting in close coordination with FIFA, to be given the powers to immediately confiscate any materials and/or halt any activities which constitute acts of Ambush Marketing.

of the MSE, thereby affecting the right to earn a livelihood; groups which arguably present no clear commercial threat to official sponsors or suppliers.

Civil rights groups from Canada, the UK, and Brazil have questioned the scope of other primary legislation introduced ahead of MSEs to manage these events, which may also include provisions for the protection of sponsors' commercial rights. The laws – which are usually temporary and typically expire sometime after the MSE – often include provisions that cover aspects of MSE logistics like transport, security and the visa arrangements for visiting dignitaries during and in the lead up to the event. The UK government, for example, passed legislation in 2006 that established certain powers relating to the hosting of the 2012 London Olympics including security, land acquisition, traffic management, ticket touting, etc. One part of the legislation imposed restrictions on advertising and trading in the vicinity of the Olympic Games, which was specifically designed to protect commercial sponsors interests. And as noted earlier, that may have impacted on livelihoods.

But the other aspects of the law, such as traffic management, security measures, and so on, are not related to “the protection of commercial sponsors”, but to the events management. There are concerns that these laws may create conflicts of interest in relation to a national government's human rights obligations, including – but not limited to – the right to free speech and to peaceful protest. FIFA, for example, convinced Brazil's government ahead of the 2014 World Cup to suspend a safety ban on alcohol sales inside stadiums to make room for Budweiser, a World Cup sponsor.²⁸

2.3 The Responsibility of the Sponsor

2.3.1. Causing a Negative Human Rights Impact

Sponsors, as companies, can cause negative human rights impacts through their own activities. The question for this paper is whether causation is a regular occurrence within a sponsor's relationship to MSEs themselves. For example, if a particular product is thought to be harmful to athletes, fans, communities, or workers. It is for this reason that the IOC and FIFA have already banned some product manufacturers from sponsorship – the best examples being tobacco or alcohol manufacturers (beyond beer and wine). Many tobacco companies will claim that the link between their product and the negative impacts on the right to health is mediated by consumer choice but it is likely that SGBs will continue to come under pressure to maintain some ethical criteria maintaining existing sponsors or choosing new ones. Given the evolving profile of sponsorship expected over the years to come, it is a critical question whether other human rights, beyond the right to health, will come under consideration – such as worker rights or those relating to online services.

²⁸ IHRB, “Striving for Excellence” (2013), available at: <https://www.ihrb.org/focus-areas/mega-sporting-events/>.

Sponsors also employ workers that are directly related to the delivery of specific events, in liaison roles or public affairs, and the treatment of these workers is another example of a potential human rights impact caused by sponsor activities within the MSE context.

2.3.2. Contributing to a Negative Human Rights Impact

Possible contribution to a negative human rights impact within an MSE by a sponsor needs to be considered in terms of the way relationships are constructed and managed. Specifically, whether these relationships increase human rights risk or actively contribute to a specific abuse of rights by a host entity, sports governing body, or another actor. There are several possible examples where this might be the case, even if sponsors are not directly determining the policies or procedures of SGBs or LOCs. The protection of sponsors' commercial rights by local host actors, for example in relation to brand protection, might impact on the way local stakeholders are able to engage in their own activities, potentially impacting their livelihoods.

In the case of contributing to an adverse human rights impact, the UN Guiding Principles require a company to "take the necessary steps to cease or prevent its contribution" and use "its leverage to mitigate any remaining impact to the greatest extent possible". This requires due diligence of all salient human rights risks, and in particular the contexts and relationships through which a sponsor might contribute to such negative impacts.

2.3.3. Being Directly Linked to a Negative Human Rights Impact

A sponsor can potentially be linked to a human rights impact via its operations, products, or services. In the sponsor-MSE context, this will usually occur either via government, host actor, or another business that is causing the negative human rights impact. Most of the human rights challenges faced by sponsors will fall into this category, and in particular the activities of governments, local authorities, SGBs or LOCs/NOCs. Many of the "lightning rod" human rights issues that campaigners want sponsor action on (regardless of their involvement in the alleged abuse), some of which are highlighted above, fall into this category.

Unlike involvement via contribution, there might not be any contractual or other mechanisms available to the sponsor to prevent or mitigate the negative impact. Building leverage is again not just desirable, but in this case often essential to have some or any influence over the actor at cause.

Prevention, Mitigation and Building Leverage

3.1 Existing Due Diligence Undertaken by SGBs and LOCs

3.1.1. The Relationship with Sports Governing Bodies

Whilst the IOC has yet to do so explicitly, the Commonwealth Games Federation and FIFA are two sports bodies that have already committed to embedding human rights terms into future sponsorship tenders. However, there do not seem to be formal human rights due diligence processes in place as of yet to implement these commitments in practice, nor a clear public understanding of how it might be applied to existing sponsors.

In the Olympic world, for example, there are categories that the IOC will not commercialise, as they are seen to conflict with the 'spirit of Olympism':²⁹

"[the IOC] does not accept commercial associations with tobacco products, alcoholic beverages (other than beer and wine) or other products that may conflict with or be considered inappropriate to the mission of the IOC or to the spirit of Olympism."

In the case of FIFA it is contractually stipulated that business is conducted in:

"a fair and reasonable manner and in keeping with the highest industry standards of business ethics".

With respect to the products supplied, these must be free of child and forced labour and produced in alignment with the World Federation of the Sporting Goods Industry (WFSGI) Code of Conduct and the Declaration on Fundamental Principles and rights at work adopted by the ILO. Similarly, FIFA requires the licensees of the FIFA Quality Programme for footballs to comply fully with the WFSGI Code of Conduct. Licensees must demonstrate to FIFA that they have signed the WFSGI Pledge, which confirms

29 There have also been restrictions around betting, though these seem to have been lifted recently.

that they comply with the WFSGI standards, and is renewable annually. WFSGI Code of Conduct does not just focus on child labour, but also lays down other internationally recognised guidelines for working hours, health and safety at work, forced labour and environmental protection. The WFSGI will only issue the relevant confirmation once it has conducted in-depth checks, and only companies that meet the international minimum requirements will be eligible to become FIFA licensees. If a licensee no longer meets the stipulated requirements and fails to obtain the necessary confirmation from the WFSGI, FIFA can immediately withdraw the company's license.

So while the process of SGB due diligence on sponsors is not entirely new, to do so on wider human rights grounds would be a noteworthy development beyond the area of suppliers and license holders within the sporting goods industry. Given global sponsors are not procured through open tenders, but more through bilateral negotiation, then greater transparency will be needed to ensure that human rights vetting does occur in the future. It is unclear, for example, what due diligence the IOC carries out to ensure that these standards are met, how it determines what is deemed to conflict with the spirit of Olympism, and whether human rights considerations are taken into account.³⁰

As above, following the London 2012 Olympics, the watchdog Commission for a Sustainable London 2012 highlighted that questions over ethical issues and selection criteria for Olympic sponsors was a particular area of stakeholder concern. In the Commission's final 'Beyond 2012 - Outcomes Report' the Commission recorded calls by key constituents for an ethical framework or set of ethical criteria for guiding the selection and expectations of commercial backers.³¹ The IOC has not yet publicly taken up the Commission for a Sustainable London 2012 recommendation to develop an ethical sponsorship framework, through a stakeholder engagement process.

As such, to date, it has been mainly a voluntary model – with partners invited to flag social issues or human rights concerns associated with an event in confidence and to attend local stakeholder events.

3.1.2. Relationships with Local Organising Committees

Local sponsors are vetted by local SGB entities (NOCs/LOCs) and social and environmental performance may be included in this screening process. For example, there were specific requirements set forth by LOCOG for local sponsorship of the London 2012 Olympics. Adidas Group, for example, had to demonstrate competence and capabilities in terms of supply chain management, labour rights compliance and the sustainability performance of the products being supplied.

However, it seems international sponsors are not subject to the same due diligence, as they have already been confirmed as partners at the international SGB level (in effect,

³⁰ For example, during the London 2012 Olympics, then IOC President, Jacques Rogge did respond to concerns raised by health groups over the apparent inconsistency between Olympic messaging on healthy living, and Coca-Cola and McDonald's sponsorship. Mr. Rogge acknowledged that there was a 'question mark' over the continued Olympic association of these sponsors, and explained that the IOC had raised concerns over the mounting global obesity crisis with the two companies and had asked them to respond.

³¹ See Commission for a Sustainable London 2012, available at: <http://www.cs london.org>.

they “come with the territory”) – a source of private frustration for some of those involved in the management of London 2012 and Rio 2016 for example. It would seem logical that international sponsors are also vetted on the same criteria at regular intervals and that this information is made available to LOCs/NOCs. In other words, the human rights due diligence developed by an SGB for international sponsors needs to be aligned with that undertaken for local sponsors.

3.2 Existing Due Diligence Undertaken by Sponsors

3.2.1. Policy Commitments

To assess the human rights impact of their activities, many Olympic and FIFA sponsors have recognised the need for human rights due diligence in line with the UN Guiding Principles. The majority of global Olympic and FIFA sponsors already have a human rights policy that explicitly commits to respecting the Universal Declaration of Human Rights.³²

However, the process of implementing these commitments through systematic human rights due diligence by sponsors on the SGB is less common in the MSE context. Sponsors report that it occurs more often at the local level, when local business units need to understand the associated risks and mitigations of upcoming events. However, the reality is that by this time the event has already been awarded, and their due diligence plays no role in influencing the decision of where to host or any aspect of the conditions, including on human rights terms, between sports bodies and the LOC/NOC.

3.2.2. Contracts

It is fairly common for negotiating parties to have some sort of discussion on non-financial issues under the mechanisms of corporate moral clauses, compliance with laws and standards, and sometimes to specify those in contracts. However, some sponsors report that beyond high-level conceptual commitments, it is hard – and potentially unhelpful – to make contractual language more precise.

“All a safeguard clause can do at the end of day is decide if staying in or out or whether to pay or not, and that’s not what we’re talking about when it comes to issues such as human rights.”³³

Sponsors feel that the clause serves as the formal mechanism to terminate, or threaten

³² See: Institute for Human Rights and Business, “Striving for Excellence: Mega-Sporting Events and Human Rights” (2013), at: <https://www.ihrb.org/megasportingevents/resource-view/report-striving-for-excellence-mega-sporting-events-human-rights>.

³³ Quote from a sponsor during interview for this paper.

to terminate, the relationship and when it comes to human rights and potential abuses, leaving the relationship is a last resort. As such, issues such as human rights tend to be managed through the relationship and not in the contract itself.

3.2.3. Advisor Behind the Scenes

Rather than publicly intervene in an alleged human rights issue related to an MSE (but not necessarily related to the sponsor's products, operations or activities), sponsors prefer to act as sounding boards for dilemma situations and provide insights and guidance based on their own experience to SGB, LOCs, NOCs and others involved in MSE delivery. As such, any direct intervention with local stakeholders by the sponsor tends to be 'behind the scenes' so as to ensure clear divisions of ultimate responsibility and not to undermine the LOC/NOC.

3.2.4. Local Issues Management

Issues management tends to be directed through the sponsor's local business unit, particularly within the Olympics. If an issue arises, including a human rights issue, there would be a first assumption that the local team will manage it. Only in circumstances when the issue cannot be resolved would it be escalated to the sponsor's corporate headquarters. For most sponsors there is a high likelihood that any human rights issue, by its very nature, will be quickly escalated "up-the-chain", rather than being handled locally. Sometimes local departments (e.g. communications, public relations, advertising) are engaged to deal with various aspects of issues management.

3.2.5. Stakeholder Engagement

"When engaging in these discussions, there is a challenge in terms of reasonable expectations and a challenge in terms of the tone in which parties engage. It's difficult to have an engagement when there is a letter campaign or something – that won't be a constructive dialogue and will get a narrow response." ³⁴

Rather than developing extensive networks with the government, NGOs and others locally, sponsors have generally sought to develop the capacity of the NOC or LOC to do this. However, multi-stakeholder approaches can help develop consensus around a number of pressing questions for sponsors in relation to MSEs and human rights, including:

- The UN Guiding Principles ask business to prioritise action in relation to their most salient human rights issues. Businesses are well aware that it is impossible to tackle all human rights concerns globally at the same time, and therefore applying a uniform and authoritative test for determining the most salient issues is crucial. A business might do this on its own, but what if its competitors define other issues or the business itself misses a key issue? What if NGOs seek to discredit the saliency

34 Quote from a sponsor during interview for this paper.

process itself for being too business-centric? Sponsors would benefit from having a discussion of saliency in an on-going multi-stakeholder context.

- Once priorities have been determined, human rights due diligence is also an expensive and time-consuming activity that needs to be directed to where it is most needed. What does good practice look like? What is an appropriate level of mitigation and can good practices be shared? Can the business co-operate with others in such mitigations and preventative work particularly around systemic societal issues?
- Finally, the question of providing appropriate remedies is one many businesses struggle with, and it will be no different on the issue of sponsorship. Given sponsors' involvement in MSE-related impacts will often fall between contributing to the impact and being directly linked to it, sponsors will face uncertainty as to when they are expected to be involved in ensuring access to effective remedy. Where adverse impacts have occurred that a sponsor has neither caused nor contributed to, but which are directly linked to it through its sponsorship activities, the responsibility to respect human rights (under the UN Guiding Principles) does not require that the sponsor itself to provide for remediation, though it may if it so wishes take a role in doing so. The responsibility for remediation rests with the related entity (be it a SGB or LOC) that has, through its own acts or omissions, caused the human rights abuse, possibly in concert with others if they have substantially contributed to it. The pressing question for the sponsor is how to apply or build leverage, so as to effect remediation by the entity.

3.3 Building Leverage

"The leverage that sponsors really have is often misunderstood. We don't have nearly as much as the general public believes, but we may have more than we sometimes admit."³⁵

Sponsors are already receiving questions about how they are using their leverage in relation to future IOC and FIFA events, such as those in South Korea 2018, Russia 2018, Tokyo 2020, Beijing 2022 and Qatar 2022. For example, a UK Parliament Committee interviewed a number of FIFA sponsors in 2015 at which a promise was made to inspect worker conditions in Qatar.³⁶ A visit took place in April 2016 and was attended by ABinBev, McDonalds, The Coca-Cola Company and Visa.

Interviews for this white paper indicate that sponsors hold the greatest leverage over the activities of the SGB/MSE (the rights holders) at the point of negotiation, before

³⁵ Quote from a sponsor during interview for this paper.

³⁶ See: UK Culture, Media and Sport Committee, "The Future of FIFA Inquiry" (2015), available at: <https://www.parliament.uk/business/committees/committees-a-z/commons-select/culture-media-and-sport-committee/inquiries/parliament-2015/future-of-fifa-15-16/>

the relationship has been formalised. Once signed, sponsors indicate they have far less flexibility to make new demands or raise new expectations. This is largely due to the fact that they are dealing with a monopolistic rights seller, and competing amongst a range of other potential sponsors (albeit at times with preferential rights – see above).

Tied to this, sponsors indicated this leverage does not extend itself to influence over the host city. As above, sponsors' leverage is primarily with the rights holder, and they are one more step removed from the host entity. Ultimately, sponsors are negotiating a commercial relationship and have to comply with local law like any other business enterprise. At the same time, the era of sponsors demanding special protections against ambush marketing indicate that there is possibility for sponsors to achieve a host city response to their concerns.

Sponsors indicated that whether this kind of leverage is transferable to other issues, such as human rights, may have lessened in recent times where the apparent attractiveness of being a host city seems to be dropping, with many host cities pulling out of bids due to cost and other concerns. Governments are seen to have their hands full managing such concerns and communicating with domestic stakeholders, and are therefore increasingly less willing to engage on non-financial concerns such as human rights with non-national stakeholders.

One area where sponsors do have leverage and capacity is on the ground, particularly in host markets where they have significant business units. This leverage might need to be used quietly and take the form of capacity building, training, role-playing and public affairs – but it can go further. For example, some global sponsors clearly have a clash of fundamental values when it comes to issues of discrimination (such as LGBTI) or worker exploitation (such as the treatment of migrant workers) in relation to forthcoming events, and have spoken out publicly on these issues. However, as above, sponsors generally prefer to use their leverage behind the scenes, where they see their influence as at its greatest.

At a minimum, each sponsor must be entirely sure it has done everything it possibly can to mitigate risks and prevent harm in all its business relationships. It must also be transparent about the fact that it has done so, and ideally involve civil society, trade unions, experts and others in this journey.

3.4 Moving the Issue Upstream to MSE Bidding Rounds

"Had FIFA not gone through what they had, I think the human rights commitments wouldn't be much more than lip service; given they have, it's genuine."³⁷

37 Quote from a sponsor during interview for this paper.

As above, one thing every sponsor seems adamant about is that their leverage decreases dramatically the moment an MSE is awarded to a host city or country. For sponsors, there is a business case for concentrating their efforts during the pre-bid, bidding, short-listing and awarding processes. There is a clear hope that SGBs will introduce human rights fully into future bidding processes. For FIFA, this must include the policy, processes and remedial recommendations set out by Professor John Ruggie in his 2016 report for FIFA, and FIFA's own commitment to do this within the bidding round for 2026. The IOC similarly can take much inspiration from the report and recommendations.

Sponsors need to use their leverage so that this becomes a permanent feature of all MSEs they support. The benefit for sponsors is that LOCs/NOCs would have committed to a clear set of human rights implementation standards as a contractual part of their relationship with the SGB. The SGB would also place similar requirements in their expectations of sponsors, and sponsors would also cascade this through their own business relationships. Human rights would then sit within a framework of mutual expectation and accountability.

3.5 The Case for Collective Action

Given the nature of the sponsor base is continually shifting, and the impetus for reform in the world sport might never be greater than now, there is a business case for existing sponsors to ensure that human rights becomes part of the DNA in how sponsorship works. This will likely be best achieved in the near term through the collective voice of the global sponsors calling for reforms. The baseline of respecting human rights, as set out in the second pillar of the UN Guiding Principles, should be the expectation below which no sponsor or MSE activity falls. Collective action over the next two years can help to ensure that new sponsors entering the arena cannot undercut the pre-existing norm that respect for human rights is a prerequisite of sport sponsorship and MSEs.

Similarly, the WFSGI, for example, aims to make the issue of labour rights "pre-competitive" across the whole industry, representing a potential model to follow. At a minimum, sponsors need something similar in relation to human rights more generally, and cannot be reliant on any particular SGB to convene this.

A more multi-stakeholder approach can bring additional advantages, helping to re-establish trust across the world of international sport and to develop a culture of mutual accountability.

The Case for an Independent Centre

A strong case for collective action and leverage exists within the sponsor-MSE context. To date, however, this rarely happens. Although there are some good examples of sponsors acting together, it should be noted that there have been two limitations:

Many of the human rights discussions have been initiated by the SGB itself on their own terms. This is not necessarily a bad thing, as the SGB is often closer to the negative (or positive) human rights impact. But it has meant the nature of the sponsor's own responsibility has been largely obscured.

Only a sub-set of IOC and FIFA have participated in such discussions. With revenue flows from new markets of increasing importance to all major SGBs, the influence of existing sponsors is likely to decrease unless steps are taken in the near term to build leverage and on a more permanent basis.

As already stated in this paper, some sponsors believe there is much more that SGBs can and should do 'upstream' to ensure that human rights is an integral part of the tendering, sport-listing and awarding process – so that commitments are made by host governments/cities and LOCs from the start. Sponsors cannot effect this change directly, and commitments from SGBs need to be transformed into concrete action within a field prone to political and cultural misinterpretation. However, sponsors will remain key players in the web of relationships surrounding MSEs, not least due to revenue flows.

The sponsors' "business case" for an independent centre or some other platform to facilitate collective action between sponsors and other actors involved in MSEs is at its early stages of discussion. Some element of impartiality is clearly needed if the process is to be successful. An independent centre, properly constituted, could serve the interests of sponsors well – by protecting the value of the franchise itself over the longer term. Sponsors themselves would need to interact with an independent centre and this immediately poses some fundamental questions:

- Would the Centre play a convening role amongst sponsors? If so, would this be in parallel with the Centre's work with other stakeholders and when would a multi-stakeholder approach be adopted?
- It is key that a strong direct relationship exists between SGBs and sponsors on dealing with human rights issues, and that an independent centre does not undermine or distract from this.
- Even if strong human rights implementation steps are agreed between a SGB and a future host city or country, implementation will always remain the most

critical factor. Human rights implementation can never be a tick box exercise in its main part. Therefore, sponsors will retain an interest in ensuring implementation processes are effective, transparent and involve potentially and actually affected stakeholders. How is this ongoing interest best structured and does an independent Centre have a role to play?

Finally, no programme of prevention or mitigation can be entirely effective, and remedies are essential. The prime focus of such remedies will be the local legal systems, sports bodies and LOC grievance mechanisms, but what if the complaint is about or involves a sponsor? How are global sponsors, whose impact might not relate to a specific MSE, dealt with differently from local or regional sponsors?

These questions do not represent the full case for an independent centre from the perspective of sponsors, but they do act as markers for how such a case should be made. When considering this, some other factors should be kept in mind and discussed further.

4.1 Independence and Impartiality

The governance of sport is suffering from very low levels of trust, not just from the public and fans, but also increasingly amongst athletes themselves. Sport needs to be independent from politics, but should not operate with impunity. It is the view of several sponsors interviewed for this paper that all existing organisations are too conflicted to prioritise human rights above all else over the years ahead. An independent and impartial centre is viewed as being a valuable tool in guiding progress, and that a new independent entity should be envisaged – albeit with strong links to all SGBs and other stakeholders. It is also essential that such an entity would expect similar delivery on behalf of sponsors themselves, and would ask tough questions of any sponsor not progressing its own human rights commitments.

4.2 Breaking the Inertia within the Status Quo

Sponsors are encouraged to see SGBs making explicit commitments to human rights. They are also aware that delivery against such commitments will be the real challenge. For example, FIFA has yet to communicate its intentions on the implementation of the recommendations set out in John Ruggie's 2016 report or any time scale for doing so. FIFA has committed to integrating human rights into its bidding round for 2026, which in itself indicates it will take ten years at a minimum to fully integrate human rights into the world of football bidding and management. It might be assumed that to take human rights to the grass roots of football, to events hosted at the national and sub-national level, will take even longer. If the collective action process is institutionalised

around some bespoke independent body, it is perhaps more likely momentum can be maintained in relation to these kinds of challenges to come.

4.3 Bringing in Knowledge from Beyond the World of Sport

Many sponsors are aware of the wider business and human rights world, of which many MSE human rights parallel: from land appropriation and construction, to security and freedom of expression. There is no need for the world of sport to reinvent the wheel. Best practice in terms of respecting human rights is already emerging in other sectors. An independent centre from outside of the world of sport could more easily bring in such learning.

4.4 Accountability

Accountability is a fundamental principle of human rights and has been missing in many of the corruption and sports ethics scandals that have emerged. Some level of accountability between all stakeholders, including sponsors, to any independent centre in relation to MSEs would be important.



Annex: Overview of the UN Guiding Principles on Business & Human Rights

The UN Guiding Principles on Business & Human Rights state that business should “respect” human rights, “avoid infringing on the human rights of others” and “address adverse human rights impacts with which they are involved. This responsibility “exists over and above compliance with national laws and regulations protecting human rights”.¹

Level of involvement and appropriate action

UN Guiding Principles 13 identifies three ways in which a company may be associated with a human rights issue: (1) by causing an adverse human rights impact; (2) by contributing to an adverse impact; or (2) being directly linked² to it. The actions that a company is expected to take will vary depending on which level of involvement applies (UN Guiding Principle 19).

Involvement	Appropriate Action
Causing an adverse human rights impact	A company may “cause” an adverse human rights impact “through their own activities” (UNGP 13). Such companies are expected to try to “avoid” causing that impact and “address such impacts when they occur” (UNGP 13). This requires: <ul style="list-style-type: none"> • “Taking the necessary steps to cease or prevent the impact” (UNGP 19) • “Provide for or cooperate in their remediation through legitimate processes” (UNGP 22)
Contributing to an adverse human rights impact	A company may “contribute to” an adverse human rights impact “through their own activities” (UNGP 13). Such companies are expected to try to “avoid” that contribution and “address such impacts when they occur” (UNGP 13). This requires:

¹ UN Guiding Principle 11, p13.

² The definition of “direct linkage” has proven difficult to apply in practice across a number of industries. The issue is discussed further in the context of the Broadcasting White Paper 3.2.

	<ul style="list-style-type: none"> • “Taking the necessary steps to cease or prevent its contribution” (UNGP 19) • “Using its leverage to mitigate any remaining impact to the greatest extent possible” (UNGP 19) • “Provide for or cooperate in their remediation through legitimate processes” (UNGP 22)
<p>Impacts directly linked to a company’s operations, products, or services by a business relationship</p>	<p>A company’s operations, products, or services may be directly linked to an impact by a business relationship (UNGP 13). Such companies are expected to seek to “prevent or mitigate” the impact, “even if they have not contributed to those impacts” (UNGP 13). This requires:</p> <ul style="list-style-type: none"> • Using or increasing its leverage over the entity at cause to seek to prevent or mitigate the impact (UNGP 19). • Where directly linked, the responsibility to respect human rights does not require that the enterprise itself provide for remediation, “though it may take a role in doing so” (UNGP 22). <p>UNGP 19 commentary explains that this situation “is more complex”. In order to determine the “appropriate action”, companies should consider:</p> <ul style="list-style-type: none"> • “[Its] leverage over the entity concerned”. • “How crucial the relationship is”. • “The severity of the abuse”. • “Whether terminating the relationship ... would have adverse human rights consequences”.

Meeting the Responsibility: Policies and Procedures

UN Guiding Principle 15 states that a company’s responsibility to respect human rights – whether involved through causing, contributing to, or being directly linked to an impact – should be met by having in place policies and processes, including:

- A **policy commitment** to meet their responsibility to respect human rights (elaborated on further in UN Guiding Principle 16);
- A **human rights due diligence** process to identify, prevent, mitigate and account for how they address their impacts on human rights (elaborated on further in UN Guiding Principles 17-21);
- Processes to enable the **remediation** of any adverse human rights impacts they cause or to which they contribute (elaborated on further in UN Guiding Principles 22 and 29-31).