

2016 FIFA REFORM COMMITTEE REPORT

(DECEMBER 2, 2015)

FIFA is currently going through the worst crisis of its history. The current crisis should also be considered as a unique opportunity for FIFA to renew itself. Thus, in order to restore confidence in FIFA, significant modifications to its institutional structure and operational processes are necessary to prevent corruption, fraud, self-dealing and to make the organisation more transparent and accountable. Recent events in particular have damaged FIFA and essential changes to its culture are needed to effect lasting reform and to restore its reputation so that FIFA can focus on its genuine mission: to promote football throughout the world.

2016 FIFA REFORM COMMITTEE

Members of the 2016 FIFA Reform Committee, comprising representatives of the six Confederations, were appointed by the FIFA Executive Committee in August of 2015 and have been led by an independent chairman, Dr. François Carrard. The Reform Committee met in Bern on September 2 and 3, and from October 16 to 18, and finally in Zurich on November 19.

The Reform Committee has had the benefit of hearing from Mr. Domenico Scala, independent Chairman of the FIFA Audit and Compliance Committee, and has studied his detailed proposals for FIFA reform. In addition, and among other matters, the Reform Committee has considered the contents of a number of documents and reports, including in particular the work by the independent Governance Committee chaired by Professor Dr. Mark Pieth, as well various reports from third party critics of FIFA, including Transparency International and Play the Game, on how to improve the governance of FIFA. The Reform Committee has also engaged with the commercial partners of FIFA, in particular, FIFA's primary sponsors, and has carefully listened to their views on the subject of FIFA reform. As a consequence, many of the proposals in this report reflect views and recommendations that have

been expressed by others. The Reform Committee would therefore like to acknowledge and to thank everyone who has contributed to this important debate.

The Reform Committee now issues this report to the FIFA Executive Committee for its December 2015 meeting in order to recommend relevant and appropriate changes to the Statutes and regulations of FIFA, with the aim of significantly improving the governance, transparency and culture of the organisation. It is expected that these recommendations, if approved by the FIFA Executive Committee, will be submitted for consideration by the FIFA Congress in February 2016, so that the necessary amendments to the FIFA Statutes may be approved. A draft of the proposed changes to the FIFA Statutes is included as part of this report, as well as a draft resolution to be submitted to the FIFA Congress.

There is no dissenting opinion to this report. These recommendations of the Reform Committee were approved unanimously by its members.

PRINCIPLES AND RECOMMENDATIONS FOR REFORM AT FIFA

The Reform Committee proposes three sets of principles for reform at FIFA:

- Principles of leadership to effect cultural change at FIFA;
- Principles of governance reform; and
- Principles to foster greater participation of member associations and stakeholders in FIFA.

Each is as important as the others. Changes to FIFA's culture, the governance of the organisation and level of participation of stakeholders, particularly member associations and players, are critical for the organisation to reform itself, repair its reputation and better serve the football community.

PRINCIPLES OF LEADERSHIP TO EFFECT CULTURAL CHANGE AT FIFA

While changes to FIFA's Statutes and operations are necessary to ensure compliance and adherence to governance best practices, cultural and behavioural changes within FIFA's leadership are the lubricating oil to effect true and lasting changes in order to restore FIFA's reputation. Strong organisations are distinguished not only by their products and services, but by their leaders. Leaders take responsibility when things go awry and when the organisation is at risk. The Reform Committee strongly believes that FIFA and its member associations must unite around a core set of principles that communicate its seriousness of purpose to the public as well as enforce meaningful cultural reform to truly change the organisation for the better.

These principles are as follows:

- **Responsibility.** It is easy to place blame on others who have caused great harm to the sport of football and FIFA's reputation, but that is no longer an option for the leaders of FIFA. FIFA must accept that it bears the burden of righting its own ship. No one is absolved from recognizing FIFA's problems or accepting that it must be transformed to survive.
- **Humility.** FIFA's leaders must recognize and accept that the errors of the past were real and that they were unacceptable. Sound reforms are only one component of a larger cultural shift needed to truly create positive change throughout FIFA. The process is bigger than any one person or any of the Confederations or member associations that the members of this Reform Committee represent.
- **Tone at the Top.** FIFA's leaders must set the tone to encourage an ethical culture from its executives, staff, Executive Committee, Confederations, member associations and stakeholders such as players, officials, clubs, and commercial partners. Unethical behaviour cannot be tolerated and must be condemned and acted upon, loudly and overtly by FIFA's leaders. Individuals must feel that FIFA's leaders encourage identifying wrongdoing and unethical behaviour and that reporting such behaviour is not discouraged

but rewarded. Leaders of FIFA must recognize that their words and actions are essential to effect lasting change for the better.

- **Respect.** The issues that FIFA has committed to solve have a long and complicated history. There will be vigorous debate among many as to whether these reforms should be implemented or whether they actually go far enough. However, in these debates, we must remember to show respect for each other and for the diverse geographies and cultures that we all represent. The respect we give each other, and the integrity we use in our language about the importance of these reforms, will have an enormous impact on how the reforms themselves are received and perceived.
- **Candor.** It is abundantly clear that football fans and FIFA's commercial partners will no longer accept anything short of full transparency in how football is governed at the global, regional, and local level. We should expect nothing less from each other. Each of us has perspectives on reform and it is critical that FIFA remains a forum for honest and open discussions. Successful organisations are able to demonstrate their ability to recognize and implement change. Listening to both its critics and supporters and constantly reevaluating how FIFA can adapt better to social and cultural changes in the future is essential to the organisation succeeding in the long run – FIFA must be tenacious in its willingness to listen to other views. And publicly, FIFA will be well-served by acknowledging and recognizing the truth of the situation: FIFA has a long road ahead, it needs serious organisational and cultural reform, and all of us, as FIFA members, are committed to both. These reforms should be the beginning, and not the end, of a discussion of how the organisation can improve itself to better serve its mission and its constituencies: its member associations, stakeholders and fans.

The Reform Committee considers that the principles of leadership enumerated above are of such importance that they should be affirmed through a resolution¹ passed by all member associations of FIFA and its upcoming Extraordinary Congress.

¹ See Annexe 1.

PRINCIPLES OF GOVERNANCE REFORM

Below are the reform principles that attempt to address the deficiencies in the governance and operations of FIFA that have put the organisation at risk. The Reform Committee proposes that FIFA, through its Executive Committee and Congress, enact wide-ranging changes to its governance structure, contract processes and operations in order to improve efficiency, prevent fraud and conflicts of interest and increase transparency.

- **Clear separation between “political” and management functions of FIFA**
 1. The Executive Committee of FIFA should oversee strategic matters and have a supervisory role over standing committees and the FIFA administration. It should not have executive powers or direct managerial responsibilities. To reflect its more appropriate function, the name of the committee should be changed to the “FIFA Council”. At the same time, the size of this body should be increased to ensure wider participation and democracy.
 2. The President of FIFA should chair the FIFA Council and be accountable to it. The President should be the public “ambassador” of FIFA and aim to foster a positive image of the organisation.
 3. The General Secretary should be the Chief Executive Officer of FIFA with overall responsibility for the performance of the FIFA Administration. The Administration should execute the day to day business operations of FIFA by implementing the policies and strategies as defined and directed by the FIFA Council. The General Secretary may only be dismissed by action of the FIFA Council.
 4. The organisation’s compliance function should be further strengthened through the creation of a new position of Chief Compliance Officer with responsibility for overseeing

the compliance program and with direct reporting lines to General Secretary and the Chair of the Audit and Compliance Committee.

- 4.1 Ensure that the internal compliance function is structured in accordance with international best practices.
 - 4.2 Review and adopt stronger related party transaction policies – all employees and FIFA committee members must certify regularly compliance as to FIFA policies, including restrictions on transactions with immediate family members and formal processes for disclosure and recusals for FIFA committee members for conflicts of interest.
 - 4.3 Implement a business code of conduct for commercial partners of FIFA and make this publicly available on the FIFA website. FIFA must hold itself to high ethical standards and anyone wishing to do business with FIFA must also hold themselves to such standards.
 - 4.4 Provide training to all employees, officers and FIFA committee members relating to the Code of Ethics, business code of conduct, anti-bribery processes, anti-money laundering and other aspects of the compliance program.
- **Greater financial transparency and control**
5. Transparency is the first line of defence against corruption. By operating transparently, FIFA can communicate and demonstrate its values through its actions. The principles of transparency and accountability in FIFA mean that all those involved in the organisation need to understand the governance structure, policies, procedures and, above all, the finances of the organisation.
 6. Revised role of FIFA Council to define policy and strategies to generate revenue, to prescribe the criteria for the distribution of funds to member associations generally and to

approve the FIFA budget and annual financial accounts. The FIFA Council shall have no decision-making role over the execution of policies to generate or allocate funds.

7. *Revenues (“Money-In”)* – FIFA administration to execute all efforts to generate revenue (marketing, sponsorship, World Cup revenues etc.) and is accountable and responsible to the FIFA Council.
8. *Development and Expenses (“Money-Out”)*
 - 8.1 Development Committee to include not less than three independent members to decide on specific grants of funds to member associations or projects with administrative assistance from FIFA administration.
 - 8.2 Finance Committee consisting of a majority of independent members (including members competent in financial matters) to create and propose budgets and approving annual financial accounts with administrative assistance from FIFA administration for approval by the FIFA Council and submission to the FIFA Congress.
9. Fully-independent Audit and Compliance Committee (having members with expertise in auditing and financial statement matters) to oversee processes of generating and allocating funds by FIFA administration.
- **Elections and terms of members of the FIFA Council and the President**
10. Term Limits:
 - President – No more than three terms of four years (whether consecutive or not) for a maximum of 12 years.
 - FIFA Council Member (other than ex-officio members) -- No more than three terms of four years (whether consecutive or not) for a maximum of 12 years.
11. FIFA Council members shall be elected by FIFA member associations on the occasion of their Confederation congresses, in accordance with FIFA’s own electoral regulations; this electoral process shall be monitored by FIFA and all candidates shall be subject to

eligibility checks (including integrity tests) conducted by an independent FIFA Review committee that is part of a new FIFA Governance committee.

- **Transparency of Compensation**

12. Disclosure of individual compensation on an annual basis of the FIFA President, all FIFA Council members, the General Secretary and relevant chairpersons of independent standing and judicial committees.

13. Annual compensation of these individuals to be reviewed and approved by independent Compensation Committee that is part of the Audit and Compliance Committee relying on third party compensation analysis.

- **Universal Principles for Confederations and Member Associations**

14. Every member association of FIFA, as well as every Confederation, should comply with the principles of good governance. Consequently, the Statutes of FIFA members, and of Confederations, must contain certain minimum provisions in order to guarantee, amongst other matters:

- Neutrality in matters of politics and religion;
- A prohibition against all forms of discrimination;
- Avoidance of any form of political interference;
- Independent judicial bodies (separation of powers);
- Respect for the Laws of the Game, and the principles of loyalty, integrity, sportsmanship and fair play;
- A clear definition of the competences of decision-making bodies;
- Avoidance of conflicts of interests;
- Respect for the principles of representative democracy; and
- The provision of annual independent audits of financial statements.

The Reform Committee believes that the current process offers an invaluable opportunity to re-shape and improve football governance from top to bottom, by ensuring not only that necessary reforms are made at FIFA level, but that every member association of FIFA, and every Confederation, also observes and complies with the principles of good governance.

- **Greater Recognition of the Role and Promotion of women in Football**

15. FIFA should recognize that women represent the biggest growth and development opportunity to football and that football governance at all levels needs to include more women in order to create a more diverse decision-making environment and culture.
16. The number of voting seats on the FIFA Council for women shall be increased substantially. Each Confederation shall have not less than one voting FIFA Council seat reserved for women.
17. FIFA's own statutory objectives must include promoting the development of women's football and the full participation of women at all levels of football, including in governance and in technical roles. Furthermore, all member associations of FIFA, as well as every Confederation, must be committed to the respect for women and the promotion of gender equality in all aspects of football.

PRINCIPLES TO FOSTER GREATER PARTICIPATION BY MEMBER ASSOCIATIONS AND OTHER STAKEHOLDERS IN FIFA

The Reform Committee firmly believes that, in addition to the structural reforms proposed, a key element in the overall reform process concerns a wider level of “participation” in FIFA at all levels. Wider participation promotes both democracy and transparency and will also help FIFA to modernize itself and to face future challenges.

Consequently, it is important that the FIFA Council becomes larger and more representative², it is important that women have an enhanced role in football governance at all levels, it is important that key stakeholder groups such as clubs and players are anchored into relevant FIFA committees, and it is important that FIFA organizes, and facilitates, regular debate and discussion between all of its members. Related to this, and on the purely sporting side, it would also be consistent with the suggested reforms for there to be wider opportunities for members to participate in FIFA's flagship competition, the World Cup.

- **Transformation of Standing Committees**

18. The number of standing committees shall be reduced from twenty-six (26) to nine (9) to improve efficiency yet ensure that all member associations are involved in a more meaningful gender-balanced and efficient way in the decision-making processes of FIFA.
19. Member associations should be more involved with FIFA, not less. FIFA should organize, at least annually, a conference involving all member associations to promote the core values and mission of FIFA and debate and discuss strategic issues of high relevance for the football world such as football development, integrity, social responsibility, governance, human rights, racism, match-fixing, gender equality, protection of clean athletes, youth football and security.
20. Audit and Compliance committee and judicial bodies shall remain fully independent.
21. Finance, Development and Governance committee shall include requirements for a minimum number of independent members.

² See Annexe 2.

22. A revised definition of “independence”³ shall be included in the FIFA regulations for purposes of determining who is an independent member.
23. Other committees shall be comprised of representatives of member associations, subject matter experts and relevant stakeholders as needed.
24. A new Football Stakeholders’ committee shall include members representing key stakeholders in the game such as, in particular, players and clubs. It is crucial for the future of FIFA and for its transparent and inclusive development to involve the stakeholders in its decision-making process. This new committee is an important and appropriate forum to ensure transparency and inclusion.

- **Wider participation: the FIFA Men’s World Cup**

25. In order to enhance the universality of FIFA and to enlarge the basis for participation at major competitions, the number of teams eligible for the finals of the FIFA Men’s World Cup should be expanded from 32 to 40 teams.⁴
26. The FIFA Statutes shall provide that the right to host the FIFA Men’s World Cup shall not be awarded to members of the same Confederation for two consecutive editions of the event after being held by a member of that Confederation.

- **Football Development and Resources**

27. Ways and means to decrease costs of FIFA administration and competition operations shall be considered in order to be able to increase the available funds for football development which shall remain the key objective for FIFA.

³ See Annexe 3.

⁴ See Annexe 4.

28. FIFA shall use its efforts to ensure that the game of football is available to and resourced for all who wish to participate regardless of gender or age.

- **FIFA will renew itself for the future**

29. The reform process which shall be launched at the February 2016 FIFA Congress should be the beginning of a new era for FIFA. In order to assist the new leadership for the implementation of the reform process from its launch, the Reform Committees supports the proposal to have its Chairman appoint an Advisory Board of not more than five persons whose mission shall be to temporarily assist FIFA in the first steps of the implementation of its reforms.

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2016 FIFA Reform Committee

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