

REPUTATIONAL RISK DIRECTIVES

FIFA®





Key message



Definition/example



Reference



Red flag

Fédération Internationale de Football Association

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WHY WE NEED THESE DIRECTIVES

The protection of FIFA's reputation is critical to maintaining the strength and value of the FIFA brand, which in turn is crucial to sponsorship and association with national TV broadcasters. Damaging it may reduce the income from those sources and ultimately threaten its existence. We must avoid transactions and relationships that risk such harm to FIFA's reputation and brands. These directives apply to all FIFA team members.

HOW WE ADDRESS REPUTATIONAL RISK AT FIFA

GENERAL PRINCIPLES

These directives explain how to avoid reputational risks when dealing with confederations, member associations, other football entities, suppliers and partners. It describes how to:

- identify prospective suppliers/partners who have engaged in activities that are illegal or otherwise fail to meet generally accepted moral standards (also refer to the FIFA Code of Conduct);
- evaluate the risk to FIFA's reputation arising from relationships with such persons; and
- respond to any reputational risks presented.

REPUTATIONAL RISK IS EVERYONE'S RESPONSIBILITY



If you have any questions about the applicable reputational risk, the screening procedure or other topics covered by these directives, please contact the Compliance Division at compliance@fifa.org or your dedicated compliance adviser.

The primary responsibility for compliance with these directives remains with the FIFA division performing a transaction or activity. In line with the screening procedure and decision tree guidance, FIFA team members are expected to take the relevant action and, in general, to escalate any potential risk to the Compliance Division.

Training on reputational risk screening will be available at regular intervals and FIFA's Compliance Division is available to answer questions that may arise at any time.



FIFA's reputational risks can be derived from politically exposed persons and persons of concern linked to, for example, FIFA suppliers or any other business partners.

- **Politically exposed person (PEP):** a person who is a current or former senior political figure, or a member of that person's immediate family, or a close associate. Because of their position, such people are more vulnerable to bribery and corruption (see page 4 for further information);
- **Person of concern:** a person or organisation that is subject to negative press reports or lawsuits, or that is known to be engaged in activities that raise "red flags" (see "Red-Flag Crimes and Activities" in the Annexe) or reputational concerns; they require further consideration regarding the risks and potential mitigation before FIFA moves forward with the relevant transaction or activity (see page 5 for further information).

SCREENING PROCEDURE

To mitigate FIFA's reputational risks, FIFA performs a risk-based screening procedure in order to identify and review the involvement of PEPs or persons of concern. Whenever FIFA team members become aware of reputational risk concerns or a high-risk transaction takes place (e.g. payment to a key focus region), screening is required.

Additional guidance is available to FIFA employees in the form of a tailored screening decision tree for every FIFA division and department to identify transactions or activities that may raise compliance concerns.

The screening procedure also details the process through which FIFA employees can identify parties with reputational risks to our organisation (PEPs or persons of concern).

If the screening of an individual or entity reveals red-flag indicators (see the Annexe for potential red flags) or significant negative press, the transaction is put on hold until further analysis and feedback is provided by the Compliance Division.

It is the duty of the Compliance Division to advise on the risks involved in order for the Chief Officer of the division concerned and the Chief Compliance Officer to decide whether FIFA should proceed with the transaction or not.



Every FIFA team member must consider reputational risk and undertake reasonable due diligence on counterparties with which they deal, in accordance with the guidance provided. When in doubt about the propriety of a transaction, the FIFA Compliance Division can assist.



Not all transactions and activities require screening. Whether or not a specific transaction or activity requires screening depends on a number of risk factors, including its size and the location of the parties or activity, as defined in the screening decision tree.

FOCUS AREAS

POLITICALLY EXPOSED PERSONS



Politically exposed person (PEP): a person who is a current or former senior political figure, or a member of that person's immediate family, or a close associate.

- A "senior political figure" is typically a senior official in the executive, legislative, administrative, military or judicial branches of a government, a senior official of a major political party, or a senior executive of a government-owned corporation. The term also includes businesses owned and controlled by such persons.
- The "immediate family" of a senior foreign political figure typically includes the figure's parents, siblings, spouse, children and in-laws.
- A "close associate" is a person widely known to maintain a particularly close relationship with a senior foreign political figure, including a person who is in a position to conduct domestic and international transactions on behalf of the senior political figure.

PEPs could represent a reputational risk because they have more opportunities to acquire assets through unlawful means, including embezzlement and the taking of bribes. PEPs are more frequently found to be involved in money laundering or corruption than people who do not have the same personal connections.

However, simply because an individual is a PEP does not mean that doing business with him or her is prohibited. Being a PEP does not automatically imply that a person engages in illegal conduct. Identifying PEPs is simply one mechanism FIFA uses to identify potential risks in its daily business activities and transactions.

The dangers of dealing with PEPs vary depending on the individual, country and industry. Therefore, FIFA takes a risk-based approach in dealings with PEPs.



In assessing risks associated with them, FIFA considers the following exemplary red-flag indicators if the PEP:

- has the power or authority to make or influence decisions (such as awarding contracts or granting licences) that benefit FIFA, confederations, or member associations or there are rumours of earlier abuse of such authority.
- operates in a country or region with a reputation for corruption (being among those with a high corruption perception index as shown in the Annexe).
- is the subject of news reports involving allegations of corruption, money laundering, doping, or other serious criminal acts that could impact FIFA.
- is a member of or connected with very-high-risk sanction countries.

If red flags are identified, care must be taken to ensure that FIFA does not unintentionally become involved in transactions connected with illegal activity (e.g. corruption) and/or in handling funds that could be used for the payment of bribes.

PERSONS OF CONCERN



Person of concern: a person or organisation that is subject to negative press reports, lawsuits or that is known to be engaged in activities that raise “red flags” or reputational concerns.

Examples of persons of concern are individuals known or reported to be associated with organised crime, drug trafficking, doping, corruption, circumvention of sanctions, or other illegal acts.

Persons of concern pose many of the same reputational risks as PEPs. The principal risk is that a person of concern might expose FIFA to reputational damage or legal liability by engaging in criminal activities as part of their dealings with FIFA. In some cases, FIFA’s association with a person of concern can cause reputational damage because of the severity of that person’s past conduct.



In dealing with persons of concern, FIFA should consider the following exemplary red-flag indicators:

- The person is the subject of press reports suggesting that he or she is involved in serious criminal or unethical activities, or has low moral standards (see “Red-Flag Crimes and Activities” in the Annexe).
- The person engages in business activities in key focus areas or is involved in controversial industries (e.g. human trafficking, illegal gambling/match-fixing, narcotics, etc.).
- The person has close affiliations with individuals or entities that are subject to sanctions.

DEALINGS WITH PEPs AND PERSONS OF CONCERN

If red flags are identified, care must be taken to ensure that FIFA does not unintentionally become involved in transactions connected with illegal activity (e.g. corruption) and/or in handling funds that could be used for the payment of bribes.

Once a concern has been identified, FIFA will take a risk-based approach to approving any dealings with the person in question.

The goal is to avoid risks where significant reputational damage could arise from FIFA’s association with a person of concern and to avoid any affiliation with illegal or morally questionable conduct.

However, the fact that a red flag may arise does not mean that the business is prohibited. Any red flags and reputational risks that arise are subject to review by the FIFA Compliance Division, where mitigating action is considered and evaluated.



Whenever a red flag arises or you have any concerns about the potential reputational risk of doing business with a PEP or person of concern, please consult a member of the Compliance Division.

FINAL PROVISIONS

OFFICIAL LANGUAGES

The present directives are issued in English and German. If there are any discrepancies in the interpretation of the different versions of these directives, the English text shall be authoritative.

ADOPTION AND ENFORCEMENT

These directives were approved by the FIFA Secretary General on 10 May 2018 and come into force with immediate effect.

Zurich, 10 May 2018

A handwritten signature in black ink, consisting of stylized initials and a surname, positioned above the typed name.

FIFA Secretary General
Fatma Samoura

ANNEXE



RESOURCES

- Code of Conduct
- International Trade Control Directives
- Gifts and Hospitality Directives
- Donations Directives
- Internal Organisation Directives
- Screening Guidelines
- Screening Decision Trees



DEFINITIONS

FIFA team members

- The Secretary General
- The Deputy Secretaries General
- The Chief Officers
- All other employees of FIFA
- All freelancers and volunteers (to the extent permitted by law)
- All employees and members of executive bodies of FIFA's consolidated subsidiaries

FIFA Compliance Division

Your dedicated adviser or any member of the Compliance Division.

The Compliance Division in general can be reached via compliance@fifa.org



TRANSPARENCY INTERNATIONAL CORRUPTION PERCEPTIONS INDEX

For more information on the official Transparency International Corruption Perceptions Index, please visit the following link: www.transparency.org/cpi



RED-FLAG CRIMES AND ACTIVITIES

- Any crime involving violence
- Any crime involving sexual abuse or illegal sexual activity
- Bribery or corruption
- Fraud, deception or any crime involving dishonesty
- Money laundering or handling the proceeds of crime
- Insider trading or other financial crime
- Forgery and counterfeiting
- Participation in a cartel
- Abuse of spouse or children
- Prostitution
- Child pornography
- Illegal ownership or use of firearms
- Illegal use of drugs including doping offences
- Human trafficking, slavery and illegal use of child labour
- Illegal sales or trafficking of arms or military equipment
- Illegal gambling
- Breaches of international trade sanctions
- Contempt of court
- Sexual harassment
- Exploitation of workers
- Discrimination on grounds of race, skin colour, ethnic, national or social origin, gender, disability, language, religion, political opinion or any other opinion, wealth, birth or any other status, sexual orientation or any other reason
- Espionage
- Theft of trade secrets

Fédération Internationale de Football Association

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