Human Rights and Mega-Sporting Events Sponsorship

“Striving for Excellence”
Supplementary Resources
May 2014

IHRB
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Background

The material in this report was originally written for the www.megasportingevents.org website to expand on and advance the research contained in IHRB’s report “Striving for Excellence: Mega-Sporting Events and Human Rights” (2013). It is accurate and up to date as of May 2014. The www.megasportingevents.org website has since been updated and the original content replaced. The original content has been archived into this series of short reports to maintain their usefulness as early contributions to the body of research on mega-sporting events and human rights.

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What’s at Stake?

Corporate sponsorship has become integral to the financing of mega-sporting events (MSEs), but it has also become a lightning rod for campaigners, including over the human rights reputations of the corporate sponsors themselves, and the possible leverage the sponsors may be able to exert over host governments in relation to domestic and international human rights issues.

In the case of the International Olympic Committee (IOC), revenue generated by commercial partnerships today accounts for more than 40% of Olympic revenues. Sports governing bodies, like the IOC and FIFA, typically have their own global sponsorship or commercial partnership programmes. Independently, MSE local organising committees 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 sports governing body and the host city / government. Some human rights groups have raised questions about the laws introduced in host countries to protect the exclusive brand rights of MSE sponsors for the duration of the MSE. Their concern arises because implementation of brand rights may adversely impact human rights, in relation to free speech and free expression, health and safety, and the economic rights of small traders.

A Short History of Olympic Sponsorship

Corporate sponsorship of MSEs is not new. The history of Olympic sponsorship 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. And 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 Coca-Cola’s uninterrupted record of Olympics sponsorship.

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. Yet the organising committee’s overall yield was low, and Montreal was left with a massive debt 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 organising committee put in place three tiers of sponsors: official sponsors,
companies that purchased ‘supplier’ rights, and licensees. Los Angeles also created what was 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. The upshot was that Los Angeles became the first profitable Games since 1932, coincidentally also staged in Los Angeles. In 1985, the IOC set up The Olympic Partners (TOP) worldwide sponsorship programme, based on the Los Angeles product exclusivity model. Now FIFA too has its own product exclusivity model.

### The Olympic Partners (TOP) Sponsorship Programme

The Olympic Partners (TOP) programme established a long-term basis for corporate sponsorship of the Olympic Movement and the Games. Since its inception in 1985, 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. Approximately half of the sponsorship revenues are shared between the organising committees of host cities for the Summer and Winter Olympics within a four-year cycle, and the National Olympic Committees of these two hosts countries. Around 40% of the proceeds are divided among the 205 National Olympic Committees worldwide, with the IOC retaining the rest. In the four-year cycle that took in the Vancouver 2010 Winter Olympics and the London 2012 Olympics, the IOC reportedly received £957 million from its TOP sponsors. The IOC derived an additional $3.9 billion in income from broadcasting rights.

The TOP sponsors for the Sochi 2014 and Rio 2016 Olympic Games cycle are: Atos, Dow, GE, McDonald’s, Omega, Panasonic, P&G, Samsung, Coca-Cola and Visa. TOP sponsors are reported to have paid $100 million in sponsorship deals with the IOC for the current four year Olympic cycle. By sponsoring the Olympics, the companies not only seek to benefit from association with the Olympic brand itself, but frequently regard MSE sponsorship as a chance to showcase new products and services. For example, according to P&G, one of the world’s largest consumer care companies, its aim was to make $500 million in additional annual sales out of the London 2012 Olympic association, and to differentiate P&G’s corporate brand as distinct from its branded products.

### FIFA’s Three-Tier Sponsorship Structure

Since 2006, FIFA has operated a three-tier sponsorship model. Like the IOC’s TOP programme, FIFA’s sponsorship is based on a model of product category exclusivity. At the top of the pyramid are the FIFA Partners, which exert the highest level of commercial affiliation with FIFA and all of FIFA’s sporting events. The current six global
FIFA Partners are Adidas, Emirates, Hyundai and Kia Motors, Sony, the Coca-Cola Company, and Visa. Their sponsorship money goes to FIFA and into the development of grassroots football international. Sports goods manufacturer Adidas has supported FIFA since 1970, and is reported to have recently extended its FIFA sponsorship until 2030 for almost US $70 million for each four-year World Cup cycle. Among other things, this gives Adidas the right to design and manufacture the official World Cup match ball, which is key to its marketing strategy.

FIFA’s second tier of sponsors includes those FIFA World Cup Sponsors who have global sponsorship rights to the FIFA Confederations Cup and the FIFA World Cup. This group, according to FIFA, benefits from selected marketing opportunities and media exposure. Lastly, the category called National Supporters enables companies based in or with roots in the host country of each FIFA event – including the Confederations and World Cup - to associate themselves with FIFA and the competition in their domestic markets.

Local Organising Committees
Sponsorship and Brand Protection

It is not only the sports governing bodies themselves that are reliant on sponsorship. Local organising committees of the Olympic Games (OCOGs) are also often dependent upon domestic (or national) commercial partnership deals, including sponsorship and licensing agreements. In the case of the Olympic Movement, national level sponsors of this kind have to come from “non-competing product categories” to members of the IOC’s global TOP programme.

The London Organising Committee for the 2012 Olympic Games (LOCOG), for example, received no public money and needed to raise at least £700 million in sponsorship in order to stage the Games. (Separately the British government reportedly set aside £9.3 billion in public funds to transform a section of east London into the Olympic Park and to provide the necessary security.)

According to reports, LOCOG was able to generate the full £700 million through its different tiers of sponsors, comprising London 2012’s seven domestic Olympic Partners, each bringing in $63 million; the seven Official Supporters, each bringing in $31 million; and 28 Official Providers and Suppliers, each bringing in $15 million. This excluded the £659 generated through ticket sales, or additional income from LOCOG’s 65 licensed manufacturers.

As with many recent MSEs, LOCOG was able to achieve its sponsorship target not only by offering its commercial partners product exclusivity, but also through ‘brand protection’ from so-called ‘ambush marketing’ by companies that are not official sponsors. (This is where competing companies which are not official sponsors market their products by attempting to piggy-back on the profile of the MSE even though they have not paid the organisers for the privilege.)
Portugal and Italy respectively had earlier put in place local brand protection for sponsors of the Euro 2004 Football Championship and the Turin 2006 Winter Olympics. Such protection is now stipulated in IOC and FIFA host city contracts. FIFA, for example, specifically requires MSE hosts to establish commercial exclusion zones within a 2km radius of prime World Cup venues, in which only companies authorised by FIFA can sell or advertise products and perform services. Such provisions, as explained further in the Challenges section below, raise a number of human rights concerns. For instance, while there may be a case to restrain commercial activity near MSE stadiums by major commercial competitors of major sponsors because the sponsors have invested substantial sums to support the staging of the event, there are concerns that the rules are too wide and indiscriminate, and prevent small independent traders or street food vendors who expect to continue, or receive a boost in, their business during the staging of the MSE.

Challenges

Sponsors – Targets of Human Rights Campaigns

Over recent years, MSE sponsors have come under scrutiny from human rights and other activists. In a number of instances, campaigns have targeted major sponsors based on perceptions over their potential leverage with organisers or host governments to bring about human rights improvements. Ahead of the Beijing Olympics, for example, TOP Olympics sponsors GE and Coca-Cola were targeted in the hope they could persuade the Chinese government to stop repression in Tibet, or use their influence to halt what human rights groups called crimes against humanity being perpetrated in Sudan. More recently, 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, and Transgender (LGBT) community in Russia. None of the companies were involved in the alleged human rights abuses themselves.

But there are cases where MSE sponsors have come under scrutiny over their own human rights record, which may be unrelated to the MSE itself. Ahead of the London 2012 Olympics, TOP and London 2012 Olympic sponsor, Dow, for example, faced intense pressure from campaigners over the 1984 Bhopal gas tragedy at the Union Carbide pesticide plant in India, because the plant was once a subsidiary of Union Carbide Corporation, which Dow acquired in 2001. (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. The Bhopal gas plant was operated by Union Carbide in 1984 when the disaster occurred. Union Carbide completed a merger with Dow
Chemical in 2001. 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 in Bhopal.

London 2012 ‘Sustainability Partner’ BP faced similar criticisms over its role in the 2010 Deepwater Horizon disaster.

The IOC has strict rules regarding its commercial partnerships. Olympic sporting venues, for example, must be free from advertising or commercial messages visible to the spectators or the broadcast audience. Criteria also exist for inclusion within the TOP sponsor programme. 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.” It is unclear however 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. That said, 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 their concerns over mounting global obesity crisis with the two companies and had asked them to respond.

Following the London 2012 Olympics, the watchdog Commission for a Sustainable London 2012 highlighted that concerns over ethical issues and the 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 commercial backers.

**Human Rights 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 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 such activities. The IOC and FIFA’s Host City Contract/Agreement also requires host authorities to control or eliminate street vending within commercial exclusion zones in the immediate vicinity of sporting venues.
Over recent years, civil rights groups including in Canada, the UK, and Brazil have questioned the scope of the primary legislation introduced ahead of MSEs for the protection of sponsors’ commercial rights. The laws - which are usually temporary and typically expire some time after the MSE – also usually 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. There are concerns that these laws may create conflict of interest in relation to a national government’s human rights obligations, including – but not limited to - over 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.

While “ambush marketing” is primarily a commercial issue, it has human rights implications, in particular free speech and expression, such as when 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. Such restrictive rules, that also include the imposition of commercial exclusion zones around MSE venues, may also constitute a restraint on trade for small traders and street-vendors, and thereby affect the right to earn a livelihood.

For example:

British Columbia’s Civil Liberties Association (BCCLA) and Liberty raised concerns over broadly framed legislation introduced in Canada and London ahead of Vancouver 2010 and London 2012 Olympics respectively, under Olympic Host City Contracts. These contracts create specific institutions and powers, and curb unauthorised advertising and street vending in prime locations. Liberty highlighted sweeping powers under the London Olympic Games and Paralympic Games Act (2006) (London employed nearly 300 enforcement officers) – 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.

Responses

Human Rights and MSE Sponsors

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 on Business and Human Rights (UN Guiding Principles). According to findings by IHRB in “Striving for Excellence: Mega-Sporting Events and Human Rights” (see page 25), 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. A policy commitment of this kind is the first step set out under the
Guiding Principles in order for companies to demonstrate that they respect human rights. The Guiding Principles also urge companies to undertake a range of human rights due diligence measures, including assessing their human rights impacts and engaging directly with human rights experts and affected stakeholders; and to provide victims of human rights abuse with access to remedy, for example through setting up grievance mechanisms.

**Olympic Sponsors Speaking Out on LGBT Rights**

Ahead of the Sochi 2014 Winter Olympics, human rights and LGBT campaign groups lobbied Olympic sponsors to support the campaign for LGBT equality in Russia in response to an anti-LGBT law passed by the Russian Parliament in 2013 which outlaws so-called “homosexual propaganda” – or equating heterosexual and same-sex relationships - to minors 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 companies that said they had raised concerns over Russia’s discrimination of the LGBT 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.”

**Recommendations**

IHRB’s 2013 report “Striving for Excellence – Mega Sporting Events and Human Rights” included a series of recommendations for global sponsors and partners involved in preparing and staging a Mega Sports Event, as well as other key stakeholders. These recommendations are intended to support efforts by sponsors and other MSE partners to ensure that human rights considerations are taken into account.

1. In line with the UN Guiding Principles on Business and Human Rights, adopt a human rights policy statement, and publicly disclose information on efforts to implement human rights due diligence, and to remediate adverse human rights impacts.

2. Contractually require all commercial partners (e.g. suppliers, sub-contractors and
joint-venture partners) to adopt a human rights policy statement in line with the UN Guiding Principles, and to publicly disclose information on their efforts to implement human rights due diligence, and to remediate adverse human rights impacts. Urge other business associates with whom there is no direct contract to do the same.

3. Urge sports governing bodies to commit explicitly to respecting human rights, to integrate the UN Guiding Principles within candidate city bidding requirements and host city agreements, and to ensure they enforce any existing commitments to combat discrimination and to promote the rights of women and marginalised or vulnerable groups.