

To all FIA Member Clubs

31st October 2013

Dear President

FIA and IOC - Governance Principles and Practices Compared

This year the FIA has been given full recognition by the International Olympic Committee (IOC). This is a very welcome step and I congratulate Jean Todt and his team for securing membership of the Olympic Movement. On his campaign website, however, Jean Todt claims that, “Membership of this family of international sports organisations once again proves that the FIA can now boast the highest standards of governance”.

For this claim to be true one would expect that the FIA fully respects the standards set out in the IOC’s ‘Basic Universal Principles of Good Government of the Olympic and Sports Movement’¹ and also that the newly created Ethics Committee would be structured along identical lines to the IOC’s equivalent body. Unfortunately neither is the case. Disappointingly the FIA consistently falls short of the IOC’s principles and best practices.

The attached document compares some of the key IOC’s governance principles with FIA practice. It reveals weaknesses in the FIA election process, an Ethics Committee undermined by a flawed composition and reporting system, an absence of financial transparency, and lack of international accounting standards. All of these weaknesses would be easily overcome if the FIA simply followed closely the guidance offered by the principles and practice of the IOC.

So rather than boast that recognition by the IOC leaves the FIA with no need for further governance reform, I think the FIA’s membership of the Olympic and Sports Movement creates new responsibilities to apply the IOC’s good governance principles. In fact the FIA now has a duty to uphold the ‘Fundamental Principles of Olympism’. This includes the “responsibility of ensuring

¹ For the relevant texts see: http://www.olympic.org/Documents/Commissions_PDFfiles/Ethics/code-ethique-interactif_en_2013.pdf

² See letter from Jean Todt and Team to the FIA Membership dated 20th August 2009, which stated “We would also like to suggest that the Statutes Review Commission be assisted by an independent authority to compare the FIA

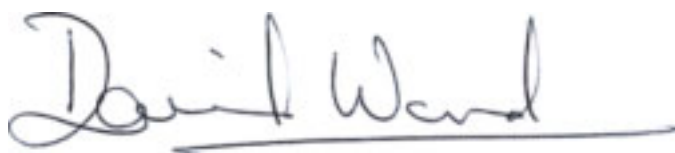
that principles of good governance be applied". That is why I believe the FIA should now take action to fulfil these important and outstanding obligations.

To assist with this task, I would like to propose that an independent panel of three recognised sports and governance experts be appointed by the FIA to review Federation's current governance practices with the IOC and similar bodies such as the Federation Internationale de Motocyclisme (FIM) and make recommendations for further reforms.

An idea similar to this was proposed by Jean Todt in the 2009 election but was never followed up². I believe a comparative report of this kind would provide an independent expert resource for the FIA. It would have the considerable advantage of providing a neutral and objective study for the clubs to discuss. Hopefully, this will bring about much needed reforms so that the FIA can finally claim truthfully that it meets world class standards of governance.

Regardless of your club's intentions in the 2013 Presidential election I would be grateful for your careful consideration and support for this proposal.

Yours sincerely

A handwritten signature in dark ink that reads "David Ward". The signature is written in a cursive style with a long horizontal line extending from the end of the name.

David Ward
Candidate in the 2013 FIA Presidential Election
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² See letter from Jean Todt and Team to the FIA Membership dated 20th August 2009, which stated "We would also like to suggest that the Statutes Review Commission be assisted by an independent authority to compare the FIA Statutes and decision-making procedures with best practice in both corporate and sporting governance".

FIA and IOC - Governance Principles and Practices Compared

1) Introduction

This document compares the International Olympic Committee's (IOC's) good governance principles and practices with those of the Federation Internationale de l'Automobile (FIA) in three important areas concerning, election processes, the ethics committee, and financial transparency and accounts. The relevant extracts from the IOC's 'Basic Universal Principles of Good Government of the Olympic and Sports Movement' are compared with current FIA practices.

2) Election Processes

IOC Principle Two 'Structure, regulations and democratic process' includes the following:

- Article 2.5 on 'Democratic processes' states:

"Democratic processes, such as elections, should be governed by clear, transparent and fair rules"

- Article 2.9 on 'Election or renewal of office-bearers on a regular basis' states:

"Access for new candidates should be encouraged".

The IOC also publishes 'Directions Concerning the Election of the IOC President' which, inter alia, prohibits IOC Members "individually or collectively from announcing publicly in any form whatsoever their intention to vote or from any public invitation to vote for a candidate".

FIA Current Practice

The FIA's 2013 Presidential election is running under a new and previously untried procedure which has proved unclear and confused. This was acknowledged by the FIA Administration in a letter to the membership dated 18th October after it emerged that there is a conflict between Article 9 of the Statutes and Article 6 of the Internal Regulations. To overcome this confusion the Senate has been forced to propose an amendment to be tabled at the 2013 General Assembly on 6th December to change the rules even after the election process has commenced. These unfortunate occurrences conflict with Article 2.5 of the IOC principles.

In order to be an approved candidate in the 2013 FIA Presidential election it is necessary to submit a list and nominations totalling 36 individuals or clubs. This is highest ever eligibility requirement in the history of the FIA. This deters new candidates and conflicts with Article 2.9.

The FIA has no equivalent of the 'Directions Concerning the Election of the IOC President' and has permitted the signing of support agreements at a regional level well in advance of the election. These support agreements make it far harder for new candidates to emerge which again conflicts with Article 2.9 of the IOC principles.

3) Ethics Code and Committee

IOC Principle 2 'Structure, regulations and democratic process' includes the following:

- Article 2.6 on 'Attributions of the respective bodies' states:

"There should be a balance of power between the bodies responsible for the management, supervision and control of the sport organisations: principle of checks and balances"

IOC Principle 3 'Highest level of competence, integrity and ethical standards' includes the following:

- Article 3.6 on the 'Code of Ethics and ethical issues' states:

"Ethical rules should refer to and be inspired by the IOC Code of Ethics".

The IOC's Ethics Committee is independent. Its membership is made up of nine individuals. At least five persons in the Committee are not members of the IOC. At the end of an inquiry the Committee's report is submitted to the IOC Executive Board which then decides on any action.

FIA Current Practice

The FIA's Ethics Committee has five members all of whom are directly related to FIA member clubs. There are no independent members. The reports of the FIA's Ethics Committee are usually submitted to the President of the FIA who alone may decide on any further action. Only in the case where a complaint is made against the President is the report submitted to the Deputy Presidents for Sport and Mobility and to the President of the Senate. These individuals, however, are the most senior members of the President's list and cannot therefore be regarded as independent. In both cases the FIA Senate receives a copy of the report but only for information.

In its composition and reporting requirements, therefore, the FIA Ethics Committee does not appear to be "inspired" by the similar structure of the IOC. Nor does the FIA's Code of Ethics refer to the IOC's code as required. Together these features of the FIA Ethics Committee conflict with Articles 2.6 and 3.6 of the IOC principles.

4) Financial Transparency and Accounting

IOC Principle 4 Accountability, transparency and control' includes the following:

- Article 4.3 on 'Transparency and communication' states:

"Financial information should be disclosed gradually and in appropriate form to members, stakeholders and the public".

- Article 4.4 on 'Applicable laws, rules, procedures and standards' states:

"Accounts should be established in accordance with the applicable laws and "true and fair view" principle. The application of internationally recognised standards should be strongly encouraged in all sports organisations and required for an international body".

FIA Current Practice

The FIA at present does not publish its financial accounts other than to distribute them to the membership at the Annual General Assembly. They are not available to key stakeholders or the public. Nor does the FIA apply international accounting standards to its annual financial statements. These practices fail to comply with Articles 4.3 and 4.4 of the IOC principles

5) Conclusion

These comparisons reveal the extent to which the FIA is falling below some key IOC governance standards. As an IOC recognised international federation (IF), the FIA now has a duty to uphold the 'Fundamental Principles of Olympism'. This includes the "responsibility of ensuring that principles of good governance be applied". In this regard the IOC's Basic Principles serve as a template for all IFs and should be used to guide the FIA's own governance practices rather than diverge from them as seems to be the case at present.