



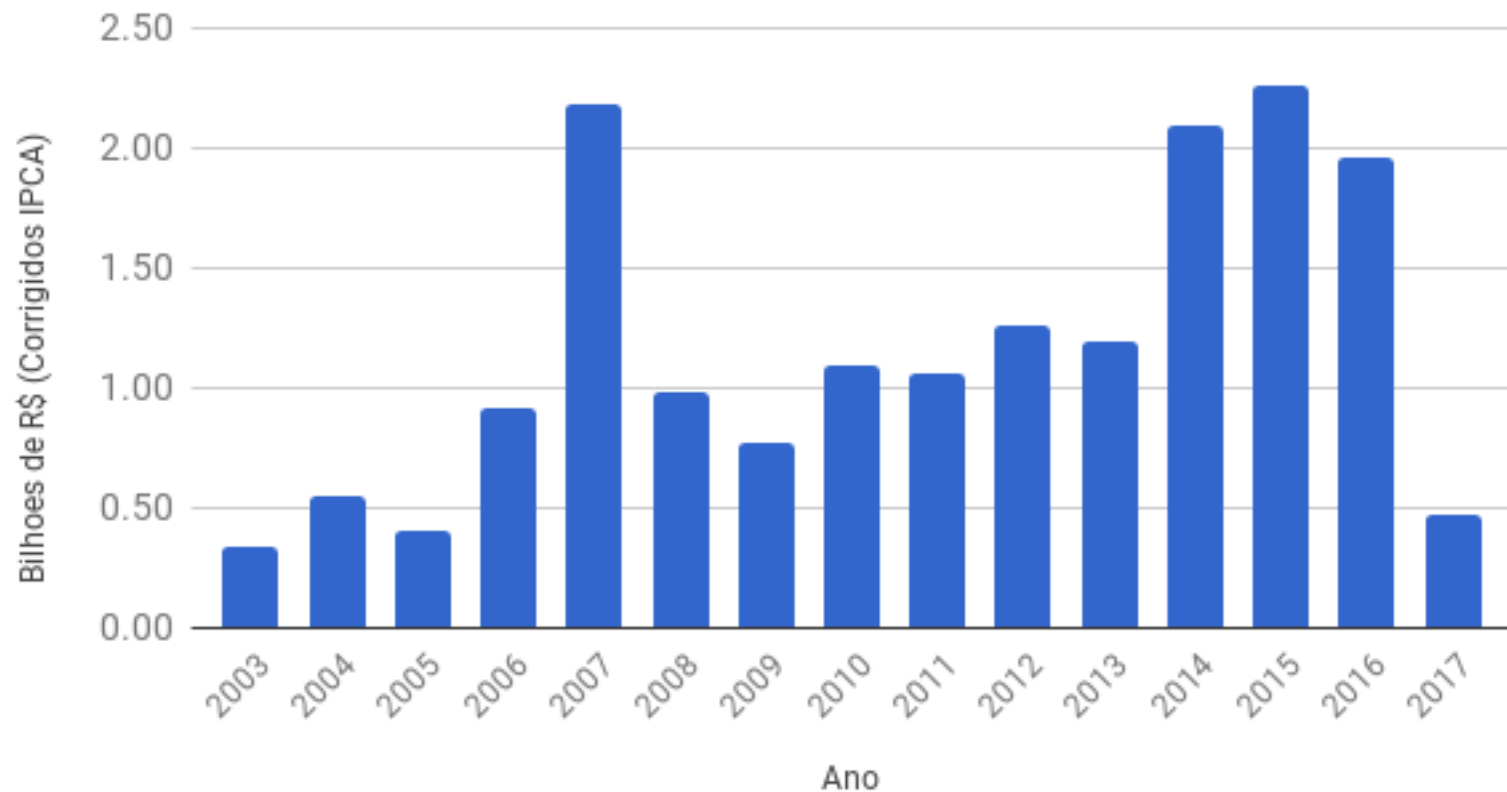
PACTO
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**Pact for Sport - Mobilizing
sponsors and athletes in
Brazil**

Financing of Sports in Brazil

- Public financing through compacts between the Ministry of Sport and Sport Entities

Federal Sports Budget



An aerial photograph of an outdoor basketball court. The court is blue with white boundary lines. In the foreground, a player in a dark jersey is seen from above, jumping with arms raised. In the background, a basketball hoop and backboard are visible. The court is surrounded by a chain-link fence and trees. A semi-transparent blue box with white text is overlaid on the court.

Financing of Sports in Brazil

- **Sports Incentive Law (2006)**

Allows companies and individuals to invest part of the due income tax on sports projects approved by the Ministry of Sports. Companies can invest up to 1% of this amount and individuals, up to 6% of the tax due.

It has the limit of R \$ 400 million. In 2014 reached 280 million with private initiative. In 2015, on the eve of the Olympics, values fell. The recession has affected the country's economy and companies reduced their investments even with the tax advantages.



Financing of Sports in Brazil

Agnelo / Piva Law(2001)

Establishes that 2% of the gross collection of all federal lotteries in the country will be transferred to the Brazilian Olympic Committee, Brazilian Paralympic Committee and the Brazilian Club Committee.

The definition of the criteria for the distribution of resources of the law is left to the the Brazilian Olympic Committee, Brazilian Paralympic Committee and the Brazilian Club Committee.

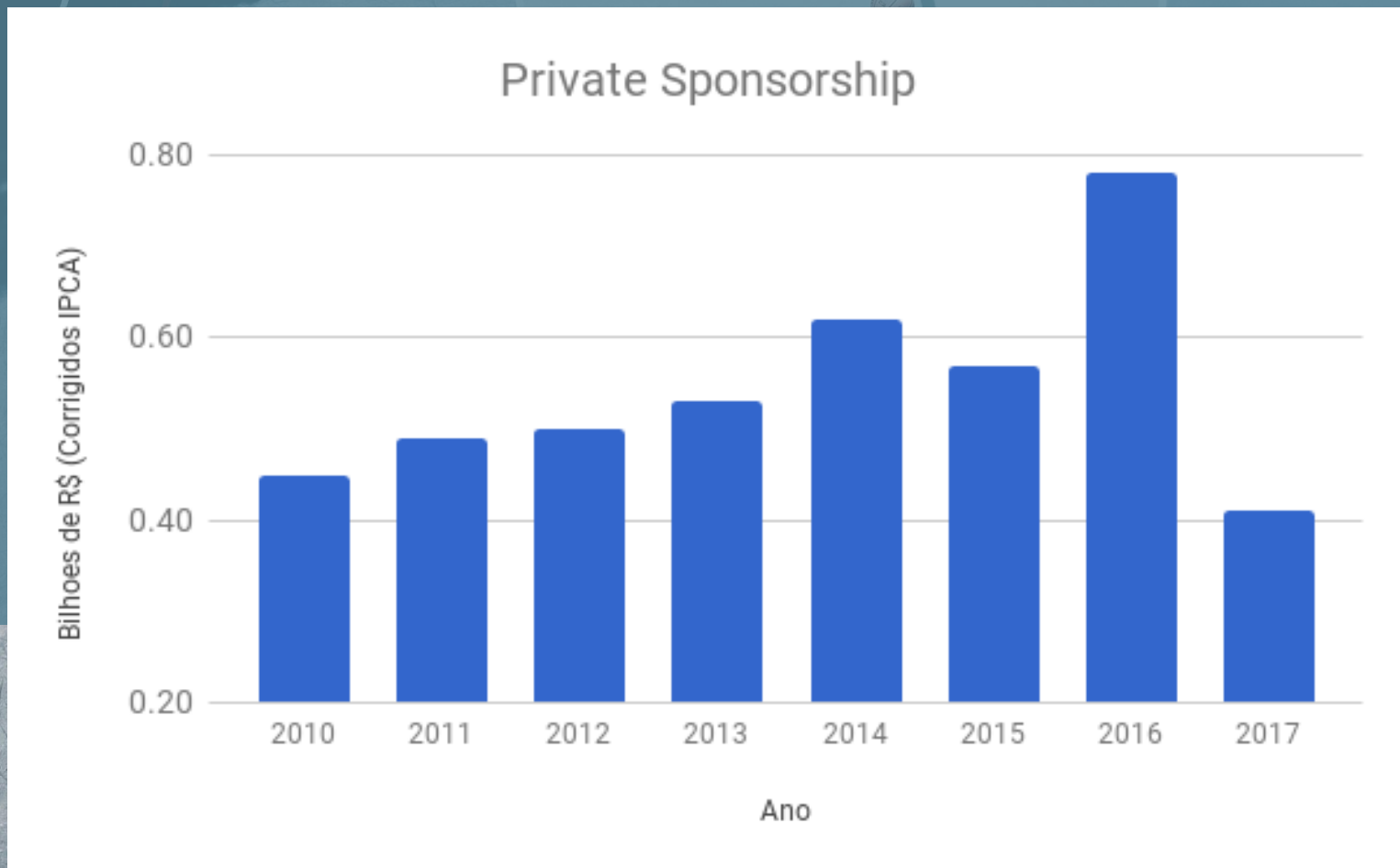
This created generated an increase in the power of the committees with the confederations. And a consequent power imbalance.

Before 2001:

- Less than 50% of the Confederations had private sponsorship, only the best known and most successful sports;**

Financing of Sports in Brazil

- Private financing through sponsorship contracts (estimate using available data)



An aerial photograph of a soccer field, viewed from a high angle. The field is green with white markings for the center circle, penalty areas, and goal boxes. A large, semi-transparent green shape is overlaid on the left side of the field, extending from the top-left corner towards the center. The text is overlaid on this green shape.

**How to change the rules to
improve Governance?**

Change the money flow

Article 18-A of Pelé Law - 2013 (the main Federal Sports Law in Brazil)

Establishes new rules for receiving direct and indirect public financing, including the Sports Incentive Law:

I - President or chief executive officer shall have a term of office up to four (4) years and just one reelection;

III - Fully allocate financial resources to the maintenance and development of its social (sport) objectives;

IV - Transparency in management, including economic and financial data, contracts, sponsors, image rights, intellectual property and any other aspects of management and contracts;

V - guarantee the representation of athletes in the management boards and technical councils in charge of the approval of regulations of the competitions;

VI - ensure the existence and autonomy of its fiscal council;

Article 18-A of Pelé Law - 2013 (the main Federal Sports Law in Brazil)

VII - establish in their statutes:

- a) defining principles of democratic management;
- b) instruments of social control;
- c) transparency in the management of resources;
- d) internal auditing;
- e) periodical renewal in management positions;
- f) approval of annual accounts by board of directors, preceded by evaluation of the fiscal council; and
- g) participation of athletes in the boards of directors and in the election to the positions of the entity; and

VIII - guarantee to all associates and affiliates unrestricted access to documents and information related to the rendering of accounts, as well as to those related to the management of the respective entity of administration of the sport, which must be published in its entirety on its website.

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Including the Private Sector





The Pact for Sport – Launched in 2015, initiative from Atletas pelo Brasil [Athletes for Brazil], Ethos Institute and the empresarial group Lide Esporte, supported by Mattos Filho Law firm, one of the major lawfirms in Brazil.

Is an Sectoral Pact between sponsoring companies in Brazil that aims to contribute to the exercise of professional, efficient and transparent management in a wholesome environment, between companies and sporting organizations.

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Rating of Sports Entities - Development

Term of Partnership signed between Pact for Sport, Athletes for Brazil, Ethos Institute, Brazilian Olympic Committee - COB, Brazilian Paralympic Committee - CPB and CBC - Brazilian Club Committee; 3 independent members.



Rating of Sports Entities (provisional name)



**Total of 438 items
Divided in 5 levels**



Rating Application Flow



Results (in development)

Disclosure:

- List of applicants
- Cut
 - Average grade
 - Highest note

Application manual (Under development by EY)

- Glossary
- Legislation
- Statutory and Support Documents Templates

An aerial photograph of a red running track with white lane markings. Several runners are captured in motion, their dark shadows cast long and clearly on the track surface. The scene is brightly lit, suggesting a sunny day. The track curves from the top right towards the bottom left.

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Thank you

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