

Dear Colleague:

I wanted to draw your attention to the attached article from *BusinessWeek*, which highlights efforts to encourage 2008 Beijing Olympic corporate sponsors to join the building chorus urging China to use its unparalleled leverage to help put a stop to the ongoing crisis in Darfur.

China is the single most important economic, diplomatic, and military partner of Sudan's government and has more ability than anyone else in the world to put an end to this conflict that has already killed 400,000 people, displaced 2.5 million more, and continues to inflame the region. China has also shown that the 2008 Beijing Olympics is a unique leverage point, and many credit China's recent emerging, positive efforts on Darfur to the "Genocide Olympics" campaign.

In the coming weeks and months, as you meet with top officials from the major Beijing Olympic corporate sponsors, I encourage you to discuss how their company can use their contacts and connections with Chinese officials – either publicly or privately – to help bring an end to this conflict.

There is a real opportunity here for companies to be "responsible sponsors" of the Olympic Games and to help fulfill the theme of the 2008 Beijing Games, "One World, One Dream" for the men, women, and children of Darfur.

Major sponsors of the Beijing 2008 Olympic Games include:

Coca-Cola

General Electric

Johnson & Johnson

Kodak

McDonalds

Panasonic

Visa

UPS

Budweiser

Adidas

Volkswagen

Sincerely,

John F. Tierney

July 2, 2007

BusinessWeek

An Olympic PR Challenge

Activists upset by Beijing are turning up the heat on sponsors of the 2008 Games

by Burt Helm

Among the nightmares that might plague a marketing executive, bankrolling an event that some call the Genocide Olympics could well be one of the worst. But that's just what the likes of Adidas, Coca-Cola (KO), General Electric (GE), Johnson & Johnson (JNJ), Kodak, McDonald's (MCD), Samsung, Visa, and others are facing. As Beijing prepares for the Summer Games in August, 2008, activists around the world are planning to take China to task over issues ranging from the Dalai Lama to Darfur. And the multinationals that have coughed up tens of millions of dollars to sponsor the Olympics are caught in a public-relations bind.

If companies ignore activists such as Darfur groups—who have already branded next summer's Games the Genocide Olympics, in reference to what they say is China's complicity with mass killings in Sudan—they risk angering consumers back home. But if they criticize Beijing, they could run afoul of the Chinese government and jeopardize their future in the world's most promising market. Companies that voice their disapproval of China's human-rights record face "fairly quick repercussions," says Mark Patterson, CEO of GroupM North Asia, which buys ads in China for Olympic sponsor Eastman Kodak Co. (EK) "There'd be license issues, or tax issues...or there would be a message spread within China about [the company] that would very quickly affect sales."

There's a lot at stake for the multinationals. A top-level international sponsorship costs as much

as \$80 million for one Winter and one Summer Olympics. The 2008 Games are especially important, since most sponsors are counting on a high-profile presence in Beijing to build their brands in the mainland and win favor among Chinese consumers and officials alike.

"Beijing is one of the biggest marketing opportunities out there both for companies and activist groups," says Bill Shireman, president of Future 500, an organization that serves as a bridge between activists and Coca-Cola, Visa, and other sponsors. "There's equal opportunity for both."

TARNISHED BRANDS?

Pressure groups can smell the opportunity. Activists concerned about the environment, conditions in Chinese factories, political prisoners, and the fate of Tibet have all said they will use the Games as a forum for their grievances and say they'll call on sponsors to take action as well. "If human rights in China don't improve...this could be a big problem for the image of Coca-Cola and McDonald's as the Games approach," says Petr Kutilek, executive secretary of Olympic Watch, a group that's monitoring China's human-rights record ahead of the Games. Says Matt Whitticase, press officer with The Free Tibet Campaign, which opposes Chinese rule in Tibet: "You cannot as a large multinational trumpet your corporate responsibility credentials, while at the same time indulging China and refusing to criticize it."

Dream for Darfur, a group chaired by actress Mia Farrow, is asking CEOs to learn about the conflict and China's involvement, and wants companies to raise the issue with Beijing and donate money to Darfur-related causes. Later this year, the group will issue a "report card" grading each sponsor on its actions. "The Olympics will be forever tarnished unless China uses its influence to get Khartoum to act," Farrow said in an e-mail. "The brands of the sponsors will also be tarnished by association." And Representative John F. Tierney (D-Mass.), chairman of the House subcommittee on national security and foreign affairs, wants Olympic sponsors to pressure Beijing to approve U.N. peacekeepers for Darfur. That's something China has so far declined to do for fear of souring relations with the country, a key supplier of oil. "Being associated with the Genocide Olympics...is not going to be good for business," Tierney says.

To deflect criticism, most sponsors seem to be following a three-pronged strategy: They stress the global nature of the Games, point to other charitable work, and show concern for the activists' causes without directly mentioning Beijing. Companies are likely to "express their commitment to human rights in ways that don't clearly embarrass their Chinese hosts," says Shireman of Future 500.

PRESSURING SUPPLIERS

McDonald's says the Olympics are not the right forum for discussing Darfur. GE notes that its foundation has given \$2 million to fund humanitarian efforts in Sudan. United Parcel Service Inc. (UPS) highlights its work in aiding the poor worldwide. Coca-Cola Co. declined to make an executive available to discuss Darfur, but a spokesperson pointed out an article in Foreign Policy magazine that downplays the value of pressuring China on the issue. In an e-mailed statement, the beverage giant said it's committed to human rights but it "does not have a role in the internal policy decisions of sovereign nations such as China and Sudan." And

Adidas says it is open to dialogue with activists. But rather than lean on the Chinese government, the maker of athletic shoes prefers to spur change by pressuring its suppliers, "where we have direct influence," says Frank Henke, Adidas' global director for social and environmental affairs.

With the Games still more than a year away, companies will have plenty of time to hone their strategies. Good thing, since activist groups show no sign of letting them off the hook. "Olympic sponsors have put themselves up as exemplars," says Sophie Richardson, deputy director for Asia at Human Rights Watch. "If I were one of their PR advisers, I'd be pointing out that they are going to be under a lot of scrutiny."

With Jack Ewing in Frankfurt and Dexter Roberts in Beijing

Documents and Links

- ["Responsible Sponsorship" Dear Colleague](#)