

*10th Annual General Meeting
Transparency International
Olympic Parktel Seoul, South Korea
24 May 2003*

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Approved by the Membership Meeting on 24 May 2003

In the process of registration with the authorities in charge (StC_2003.07.29)

CHARTER

1. Name, Place, Business Year

1. The Society (Verein) is called “Transparency International”. It is registered in the court register of societies (Vereinsregister) of Berlin Charlottenburg, Germany, under the name “Transparency International e.V.” and under the number 13598Nz.
2. The Society has its registered office in Berlin.
3. The business year of the Society is the calendar year.

2. Purpose of the Society

1. The purpose of the Society is to take action to control corruption in international business transactions, so as to encourage international fairness and equity. This is based on the recognition that corruption, by driving up costs, distorting priorities and misallocating resources, subverts economic and social development, undermines respect for public institutions and damages the fabric of society. In view of the mounting concern about the consequences of corruption, shared globally by developed and developing countries, their governments and citizens, by lending agencies and by the international business community, and in the belief that effective international cooperation to combat corruption calls for a concerted effort to promote greater transparency and accountability, the Society will further the elaboration of, and adherence to, standards of conduct to be observed by parties to international business transactions.
2. To this end the Society’s activities will include:
 - a) securing the support of parties involved in international business transactions for the application of standards of conduct designed to promote transparency and accountability in such transactions and ensuring the highest level of integrity amongst all parties involved in international transactions;
 - b) informing the general public about the manifestations and problems of corruption in international transactions, particularly through convening meetings of experts, publishing studies, issuing reports and collecting and disseminating information;
 - c) providing assistance and expertise to parties involved in international trade, investment and economic and social development in applying the provisions of standards of conduct;
 - d) monitoring compliance with standards of conduct, and investigating serious contravention of them.

3. In order to create an effective, international consensus, the Society may cooperate with any other organisation, which pursues similar goals.

3. Non-Profit-Making Purpose of the Society (Gemeinnützigkeit)

1. The Society will pursue exclusively and directly non-profit making goals in accordance with the paragraph ‘Purposes entitled to tax relief’ (steuerbegünstigte Zwecke) of the German Tax Code (Abgabenordnung).
2. The Society will act altruistically; its primary motive is not profit-oriented.
3. The funds of the Society may only be used for the stated purposes of the Society pursuant to this Charter. Members of the Society shall not, in that capacity, receive allocations from Society funds. No individual may benefit from these funds through expenditure which is not in line with the purpose of the Society, or through disproportionately high remuneration.
4. Should the Society be dissolved, or when the tax exemption status is revoked, the assets of the Society are to be used for purposes exempt from taxation in accordance with Article 2. Decisions on the transfer of assets must be approved by the Tax Office for Incorporated Bodies (Finanzamt für Körperschaften).

4. Organs of the Society

The organs of the Society are the Executive, the Board of Directors and the Membership Meeting.

5. National and Regional Chapters

The Society will encourage the establishment of National Chapters within appropriate frameworks. The form and organisation of these chapters will vary depending on the country or region concerned, and the relevant local legal system. Regional Chapters may also be established in appropriate circumstances.

6. Membership

1. The membership comprises accredited National Chapters and Personal Active Members.
2. An accreditation policy for National and Regional Chapters and an appointment policy for Personal Active Members will be decided by the Membership Meeting, upon a proposal by the Board of Directors, and may be revised from time to time. These policies shall also provide a mechanism to appeal against decisions of the Board of Directors concerning suspension, dis-accreditation, removal.
3. Each accredited National Chapter shall appoint one of its officers or members by resolution of its board to represent it at Membership Meetings. The appointed person shall be referred to as the Official Chapter Representative.

4. Personal Active Membership is open to individuals of recognised integrity from diverse geographical, cultural and professional backgrounds, who acknowledge the Charter of the Society and are committed to the active promotion and realisation of its goals.

7. Supporters and Honorary Members

1. The status of Supporter is open to governments and government agencies, corporate or other business entities, organisations and individuals. Supporters are expected to make available to the Society funds and/or material assistance for its activities, above and beyond acknowledging their support for the objectives of the Society. Supporters are entitled to be informed as to the activities of the Society, and to attend the Membership Meetings. They have no voting rights and shall not be counted towards the quorum at Membership Meetings, but they may assist with the work of the Society in an advisory capacity. Individuals or bodies may apply to become Supporters by declaring in writing to the Chairperson their willingness to further the work of the Society. Their applications are subject to approval by the Board of Directors.
2. Individuals who have distinguished themselves in the fight against corruption may be appointed Honorary Members by the Board of Directors. Honorary Members do not have voting rights and shall not be counted towards the quorum at Membership Meetings.
3. The status of Supporter or Honorary Member may be terminated by the Board of Directors at any time in its sole discretion.

8. Termination of Membership

1. Membership of a National Chapter terminates when that National Chapter ceases to be accredited.
2. Membership of a Personal Active Member terminates on death or voluntary withdrawal, by removal from the Register of Members or by expulsion. Voluntary withdrawal includes withdrawal at the expiry of the term specified for Personal Active Membership.

9. Membership Fees

1. Members of the Society must pay annual membership fees.
2. The Membership Meeting shall determine the fees (if any) payable by Members and the date by which such fees shall be payable.

10. The Executive

1. The Chairperson and the Vice-Chairperson shall comprise the Executive of the Society for purposes of paragraph 26 of the German Civil Code (BGB).

2. The Chairperson and the Vice-Chairperson shall be elected by the Membership Meeting from among the Official Chapter Representatives and the Personal Active Members for a three-year term. The Chairperson shall be eligible for re-election for a maximum of a further two terms. Limitations of terms for the Vice-Chairperson shall be the same as those applying to the members of the Board of Directors. The Chairperson and the Vice-Chairperson shall, however, remain in office until another Executive is elected. Should the Chairperson or the Vice-Chairperson resign from their office or should a position become vacant for any other reason, the Board of Directors may elect one of its members to replace him or her for the remainder of the term.
3. Each member of the Executive represents the Society in judicial and extra-judicial matters. The representative authority of the Executive is limited insofar as expenditures of the equivalent of EUR 250,000 (two-hundred and fifty thousand Euros) or more which have not gained prior approval as part of the annual budget must be approved by the Board of Directors.

11. Appointment of Managing Directors

The Executive, in order to perform its duties, may appoint, with the approval of the Board of Directors, one or more Managing Directors as Special Representatives for purposes of paragraph 30 of the German Civil Code (BGB). The Managing Director represents the Society in all usual matters of up to a value of Euro 250,000 (two-hundred and fifty thousand Euros). He can enter into, terminate, and nullify contracts of employment.

12. Meetings and Decisions of the Executive

Decisions of the Executive are taken at meetings convened by the Chairperson or by teleconferencing, fax, post or e-mail. The Executive may provide for its own procedures. In the event of the Executive being unable to reach a unanimous decision, the matter shall be referred to the Board of Directors for its decision.

13. Board of Directors

1. The Board of Directors comprises the members of the Executive and between ten and thirteen additional members elected by the Membership Meeting from among the Official Chapter Representatives and the Personal Active Members . Members of the Board of Directors shall be elected for a three-year term. Retiring Members are eligible for re-election for a second term, but must retire for at least one year before being eligible for re-election for a final third term as a Director.
2. The Chairperson, or in his or her absence the Vice-Chairperson, shall serve as chairperson and vice-chairperson respectively of the Board of Directors.
3. The Board of Directors shall make decisions at meetings convened by the Chairperson or Vice-Chairperson. At least two-weeks' written notice shall be given along with an agenda. If all members of the Board of Directors agree, formal requirements and periods of notice may be waived.

4. As an alternative to meetings convened in accordance with Article 13.3, the Board of Directors may determine procedures to conduct official business by teleconferencing, fax, post or e-mail. If a decision is to be made by any of the above means, all members of the Board of Directors have to be informed in writing about decisions to be tabled at least one week in advance.
5. A quorum consists of two thirds of the members of the Board of Directors, including at least one member of the Executive. Decisions are made by majority voting; in the event of there being no majority, the Chairperson, or in his or her absence the Vice-Chairperson, has a casting vote. Members of the Board of Directors unable to attend a meeting may by written notice to the Chairperson appoint another member of the Board of Directors as their proxy to vote on their behalf and will in this case be included in the quorum.
6. Minutes will be kept of the decisions made, and signed by the minute-taker and by the person who chaired the meeting.
7. Members of the Board of Directors may only be removed during their term by resolution of the Membership Meeting.
8. The Board of Directors may co-opt Members to fill casual vacancies on the Board. Such co-opted members of the Board of Directors shall, subject to confirmation at the next Membership Meeting, serve for the remainder of the term of the Director they replaced. Failing such confirmation, the Board of Directors may co-opt another Member who has the support of the majority of the Membership Meeting.

14. Responsibility of the Board of Directors

The Board of Directors is responsible for determining the strategy and policy of the Society and supervising its activities. It is, in particular, responsible for the following:

1. approving the annual budget;
2. referring to the Membership Meeting any matters to be decided upon by that meeting;
3. implementing decisions of the Membership Meeting;
4. proposing the Annual Report and financial statements of the Society for the last fiscal year for approval by the Membership Meeting;
5. approving any expenditure of EUR 250,000 (two-hundred and fifty thousand Euros) or more which has not gained prior approval as part of the annual budget;
6. accrediting, suspending and dis-accrediting National Chapters;
7. appointing, suspending, removing and expelling Personal Active Members;
8. appointing, suspending and removing Supporters and Honorary Members;
9. approving the appointment of the Managing Director(s);

10. making decisions on any other matters of particular importance not reserved to the Membership Meeting;
11. determining from time to time the size of the Board of Directors, within the parameters set by Article 13.1;
12. approving the minutes and disseminating to the membership decisions taken at Board Meetings; and
13. appointing and removing members of the Advisory Council and its Chairperson.

15. Membership Meeting

1. Each Member has one vote at the Membership Meeting. A Member may give any other Member a proxy to vote in his or her place. A proxy can only be given for a specific Membership Meeting. No Member may cast more than two votes on behalf of absent Members.
2. The Membership Meeting is responsible in particular for the following:
 - a) considering the Annual Report and financial statements of the Society presented by the Board of Directors and giving formal approval to the actions of the Executive and the Board of Directors;
 - b) determining the fees if any to be paid by Members;
 - c) electing and removing the Chairperson, the Vice Chairperson and members of the Board of Directors;
 - d) approving amendments to the Charter of the Society, or its dissolution.

16. Convening of Membership Meetings

1. A Membership Meeting shall be held at least once in each calendar year. It shall be convened by the Executive giving at least four weeks notice in writing and including the proposed agenda. The four-week period runs from the day immediately following the date of the postmark on the notice of meeting. The notice shall be deemed to have been received by a Member if it has been sent to the most recent address given to the Society by the Member. The agenda shall be determined by the Executive in consultation with the Board of Directors.
2. Members may for consideration by the Executive submit matters for inclusion on the agenda by sending notice in writing to the Chairperson at least two weeks before the date of the Membership Meeting. The person chairing the Membership Meeting shall announce these additional matters at the start of the Meeting. The Membership Meeting itself shall decide whether to accept such additional matters for inclusion on the agenda.

17. Extraordinary Membership Meeting

The Executive shall call an extraordinary Membership Meeting where such action is necessary in the interests of the Society, or where the Board of Directors has decided on such a course of action, or where not less than one quarter of the Members submit to the Chairperson a written request that such a meeting be held, giving their reasons.

18. Decisions of the Membership Meeting

1. The Membership Meeting will be chaired by the Chairperson or, in the absence of the Chairperson, by the Vice- Chairperson or, if he/she is also absent, by a member of the Board of Directors.
2. The person chairing the Membership Meeting shall determine the voting procedures to be adopted following consultation of the Meeting. However, if at least one-third of the Members present in person or by proxy request a secret voting procedure, this must be adopted.
3. The quorum comprises one half of all the Members of the Society. Proxies shall be counted towards the quorum. Where there is no quorum, the Executive must call another Membership Meeting with the same agenda to take place within six weeks. This second meeting shall be deemed to have a quorum irrespective of how many Members attend. This fact should be included in the notice of meeting.
4. Decisions of the Membership Meeting are made by a simple majority of all valid votes cast in person or by proxy, except that (i) a majority of two-thirds of such votes is required to amend the Charter, to remove the Chairperson, the Vice-Chairperson or a member of the Board of Directors and (ii) a majority of three-quarters of such votes is required to dissolve the Society. An abstention shall not be deemed to be a valid vote.
5. A vote to change the purpose of the Society can only be made with the approval of all Members of the Society. Members not casting their vote at the Membership Meeting in person or by proxy can cast their vote subsequently by writing to the Chairperson.
6. Minutes must be kept of decisions of the Membership Meeting and signed by the minute taker and by the person who chaired the meeting.

19. Advisory Council

1. To support the work of the Society an Advisory Council shall be appointed comprising individuals of recognised integrity from varied geographical, cultural and professional backgrounds and with extensive experience in areas specifically relating to the purpose and work of the Society.
2. Members of the Advisory Council will be appointed and removed by the Board of Directors in consultation with the Chairperson of the Advisory Council. The Chairperson of the Advisory Council will be appointed and removed by the Board of Directors.

3. The Advisory Council will determine its own procedures. It will meet from time to time, and develop recommendations for the work of the Society.
4. The Board of Directors will maintain close contact with the Chairperson of the Advisory Council and may request the opinion of the Advisory Council.

20. Annual Statement of Accounts

The Society's accounts shall be audited by a member of the accounting profession and published annually.

21. Dissolution of the Society

1. A decision to dissolve the Society requires a resolution passed at a Membership Meeting and supported by three-quarters of all valid votes cast in person or by proxy in accordance with Article 18.4.
2. Unless the Membership Meeting determines otherwise, the Chairperson and the Vice-Chairperson shall be joint liquidators, and shall represent the Society.
3. The above provisions shall also apply should the Society be dissolved for any other reason, or should it lose its legal capacity.

22. Governing Language

The German version of this Charter shall prevail in cases of interpretation and determination of the content of this Charter.

23. Place of Jurisdiction

The *Amtsgericht Berlin* has sole authority in cases of litigation within the Society.

24. Salvatory Clause

If any provision of this Charter shall be held void or unenforceable or contrary to German law, the validity of the remaining provisions shall remain unaffected.

Ends.