

# STATUTE

"Transparency International" Lithuanian Chapter (TILC) is a fully accredited member of the Transparency International movement. Since its inception in 2000 TILC has remained a non-governmental, non-profit organization that is open for cooperation of activities with both governmental and non-governmental organizations in Lithuania and abroad.

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## I. GENERAL PART

1. "Transparency International" Lithuanian Chapter (hereinafter – "TILC") is established by law as a non-profit public legal person with limited civil liability.
2. In its activities TILC is guided by the Constitution of the Republic of Lithuania, Civil Code, Law on Public Institution other laws and regulations of the Republic of Lithuania and present Statute.
3. The legal form of TILC is a public establishment.
4. TILC has no finite date of operation.
5. TILC has settlement and other accounts in banks and independent balance. The financial year of TILC corresponds to calendar year.
6. TILC operates within the territory of the Republic of Lithuania and beyond.

## II. ACTIVITIES, GOALS AND OBJECTIVES OF TILC

7. Main objectives of TILC are:
  - Creating initiatives that promote transparency and intolerance of corruption;
  - Inclusion of public leaders and institutional partners in TILC activities;
  - Protection of people who are fighting with corruption;
  - Creation and promotion of transparency standards;
  - Promoting sustainable growth of TILC.
8. In order to implement the objectives of TILC stated above, the following areas and types of activities of TILC are established:
  - Publishing books (58.11);
  - Sound recording and music production (59.20);
  - Other publishing activities (58.19);
  - Other printing activities (18.12);
  - Binding and related services (18.14);
  - Preparatory printing and media activities (18.13);
  - Reproduction of recorded media (18.20);
  - Retail of books, newspapers and stationery products (52.47);
  - Other specialized retail (47.78.90);
  - Other retail sale not in stores, stalls or markets (47.99);
  - Organization of meetings and business events (82.30);
  - Other, unassigned, education (85.59);
  - Distribution of movies, videos and television programs (59.13);
  - Previewing movies (59.14);
  - Artistic works (90.03);

- Operation of art installations (90.04);
- Library and archive activities (91.01);
- Museum activities (91.02);
- General advice and consultations, preparation of legal documents (69.10.30);
- Mathematical science research and applied works (72.19.30);
- Humanities science research and applied works (72.20.10);
- Social science research and applied works (72.20.20);
- Market research and surveying public opinion (73.20);
- Other, unassigned, professional, scientific and technical activities (74.90);
- Business consulting and other management activities (70.22).

**8.1.** TILC has the right to organize or carry out other commercial and economical activities that are inseparably connected with implementation of TILC objectives and which do not contradict the Law of the Republic of Lithuania. Licensed activities may be carried out by TILC only with appropriate permits (licenses).

### **III. SHAREHOLDERS OF TILC, THEIR RIGHTS AND RESPONSIBILITIES. ADMITTANCE REGULATIONS OF NEW SHAREHOLDERS. TRANSFER OF RIGHTS TO OTHER PERSONS. PROCEDURE OF SHAREHOLDER CONTRIBUTION**

- 9.** TILC's shareholder is a Lithuanian and (or) foreign country's natural or legal person, who/which has received an invitation from TILC's General assembly of shareholders and transferred to TILC a monetary contribution of no less than 50 (fifty) Euros or a non-monetary contribution of no less than 50 (fifty) Euros. A person becomes a TILC shareholder from the moment of transferring of such contribution or from the moment this status is transmitted in accordance by this Statute.
- 10.** All TILC shareholders have the same pecuniary and non-pecuniary rights and obligations. TILC shareholders obtain all pecuniary and non-pecuniary rights and obligations from the moment set in Paragraph 9 of this Statute.
- 11.** A person is accepted to be shareholder when:
- 11.1.** the person, who requests to become shareholder presents an application to the Executive Director of TILC. The application includes the personal information about him / her (name, last name, personal code, location or address of correspondence; title of the legal person, legal form, code, main office, representative's name and last name), expressed acceptance of TILC objectives and indicated the amount (when the prospective contribution is monetary) or value (when the prospective contribution is non-material asset) and the period of transmission of this contribution to TILC.
  - 11.2.** The Executive Director of TILC transmits the received application(s) to become a shareholder to the others shareholders of TILC and convenes a General Assembly as prescribed in this Statute;
  - 11.3.** The General Assembly informs the person who requests to become a TILC shareholder about their decision and transmits a copy of this decision to the Executive Director of TILC. A person becomes a shareholder of TILC by a unanimous decision by the General Assembly.
  - 11.4.** After the General Assembly decides to accept a person as a shareholder of TILC, he / she obtains this status after transferring the contribution to TILC, as set out in Paragraph 9 of Statute.
- 12.** A person who obtains shareholder's rights becomes a shareholder in the following order:
- 12.1.** informs TILC in writing about the fact that he / she has obtained the rights of a shareholder, providing a document or extract of a document that attests the fact of obtaining these rights alongside. Such notice indicates: the shareholder whose rights the new shareholder obtained (natural person's name, last name, personal code; title of a legal person); the person who has obtained the shareholder rights (natural person's first name, last name, personal code, dwelling-place address or address of

- correspondence; title of legal person, main office, code, representative's first name and last name); the date of obtaining shareholder rights;
- 12.2.** the value of the contribution to TILC made by the person who became a shareholder of TILC is equal to the value of the contribution made by the shareholder whose rights the new shareholder obtained;
  - 12.3.** the Executive Director of TILC incorporates the new shareholder within the documentation of TILC within 3 working days after the applicant to become a shareholder or a person who has obtained the rights of a shareholder has taken all the necessary actions as prescribed within this Statute.
  - 12.4.** After the actions prescribed within this Statute are completed, the new shareholder is issued a document noting the value of the contribution to TILC.
- 13.** Shareholders of TILC have the following non-pecuniary rights:
- To participate and vote during General Assembly;
  - Familiarize with documents of TILC and receive information from TILC about its activities;
  - To bring a lawsuit to court with the aim of annulling decisions made by the General Assembly of TILC and any other bodies of TILC, as well as to invalidate the transactions made by management bodies if they contradict the peremptory legal regulations, Statute of TILC or the principles of rationality or fairness;
  - Other non-pecuniary rights as provided within other laws.
- 14.** Shareholders of TILC have the following pecuniary rights:
- As provided for within the Act on Public Establishments, to receive a portion of TILC's property in the case of liquidation;
  - Transfer the shareholder's rights to other persons as provided for in this Statute (current shareholders of TILC carry the priority to obtain these rights).
- 15.** On basis of this Statute a shareholder of TILC may lose these rights if his / her actions are in contradiction with the objectives of TILC or impede in implementing the functions of TILC when it is not reasonable to assume that these actions will cease in the future. On basis of this Statute and the Civil Code of Lithuania (Articles 2.115 and 2.116) the other shareholders of TILC may bring a lawsuit to court and claim for the illegal actions to cease or seek for a compulsory transfer of shareholder's rights. Current shareholders of TILC carry the priority to obtain these rights
- 16.** A shareholder of TILC may voluntarily waive these rights by renouncing his / her share of TILC's capital to the benefit of TILC. In this case, when requested by the shareholder, TILC transfers the capital portion that equals his / her contribution and the shareholder is crossed out of shareholders' of TILC list.
- 17.** A shareholder who intends to sell his / her rights must inform the Executive Director of TILC and shareholders of TILC in writing (alongside noting the selling price). The Executive Director of TILC informs the other shareholders of TILC within 5 days after receiving such a notice (alongside identifying the shareholder that is selling his / her rights and indicating the price) and in line with this Statute convenes the General Assembly which decides on the prospective shareholder of TILC that would obtain the sold rights. If during the General Assembly none of the current shareholders of TILC purchase the available shareholder rights, the shareholder who is selling these rights may sell them to any other person. In case there is a sole shareholder, the procedures provided within this Paragraph do not apply and the shareholder rights are sold to the natural or legal person of this shareholder's choice.
- 18.** The procedures provided within Paragraph 17 of this Statute do not apply when the shareholder's rights (together with the portion within TILC's capital) are transferred to a shareholder of TILC or when the shareholder rights (together with the portion within TILC's capital) are donated or inherited.
- 19.** Shareholders do not have the right to demand a return of part of his / her capital, with the exceptions of liquidation procedures or the case provided in Paragraph 16 of this Statute.
- 20.** Shareholders may have other pecuniary and non-pecuniary rights in compliance with the laws of the Republic of Lithuania, other laws and this Statute.
- 21.** Contributions by shareholders of TILC are transmitted in behalf of TILC in the following order:
- 21.1.** money is transferred to the bank account of TILC;

- 21.2.** tangible and intangible assets are transmitted on behalf of TILC by drawing up an act of transmission of assets. Such an act is signed by the transferor of the property (founder, shareholder, a person who requests to become a shareholder) and by the Executive Director of TILC. A report that evaluates the transferred assets must be submitted to TILC alongside the transferred assets. This report must be carried out no later than 6 months prior to the transfer of assets to TILC and must satisfy the corresponding requirements by law. The expenses for such a report are covered by the transferor.

#### **IV. BODIES OF TILC**

- 22.** TILC obtains civil rights, and accepts and implements civil duties through its management bodies. Bodies of TILC are: General shareholders' assembly (hereinafter – the General Assembly) which is the supreme body of TILC, collegial management body – the council (hereinafter – Council) and a sole administrative body – the executive director (director) (hereinafter – the Executive Director or Director).
- 23.** TILC obtains civil rights, accepts and implements civil duties exclusively through its management bodies. TILC cannot obtain civil rights or duties through the General Assembly unless the law provides otherwise.

#### **V. GENERAL ASSEMBLY**

- 24.** The General Assembly is the supreme body of TILC. During the General Assembly all shareholders of TILC have the right to vote. Every shareholder has one vote unless the Statute provides otherwise. The Executive Director and members of the Council (if they are not shareholders) are allowed to attend the General Assembly without voting rights. Other persons may attend the General Assembly with shareholders' approval.
- 25.** Decisions of the General Assembly are made by a simple majority of all present shareholders, except for decisions to change the Statute, elect or withdraw the Executive Director, reorganize TILC (and approval of reorganization terms), reconstruction and liquidation (or cancellation of liquidation), which are decided by a qualified majority of at least 2/3 of the present shareholders.
- 26.** If the Executive Director is also a shareholder of TILC, he / she must withdraw from decisions that are associated with him / her and may directly affect the implementation of his / her duties. The Executive Director presents the request to remove him / her from such decisions to the General Assembly which decides whether to approve the request.
- 27.** The General Assembly is considered as convened and able to carry out decisions when no less than 2/3 of all shareholders of TILC are present. If the agenda of General Assembly includes questions on: 1) the acceptance of new TILC shareholders; 2) the change of this Statute; 3) the election and cancellation of management bodies, then the General Assembly is only considered as convened and able to carry out decisions, if all shareholders of TILC are present.
- 28.** If the General Assembly does not convene, a second General Assembly must be announced which is entitled to make decisions exclusively on the agenda items of the General Assembly that did not convene and the quorum requirements do not apply to the decisions made therein. The repeated General Assembly can be announced no later than 14 days after the day on which the initial General Assembly did not convene. Shareholders of TILC must be informed about the repeated General Assembly no later 7 days to the repeated General Assembly itself.
- 29.** The General Assembly may take place and decisions can be made with the use of telecommunication services while part or all shareholders of TILC are present in the meeting and vote remotely.
- 30.** The General Assembly:
- Amends this Statute;
  - Decides to move the main office of TILC;
  - Establishes the prices and rates or the rules according to which these are established for services, works and productions;
  - Appoints and dismisses the Executive Director, determines the conditions of his / her employment contract;
  - Elects and withdraws members of the Council;

- Approves the annual financial statements and the reports on the activities of TILC for the previous financial year;
  - Determines the information about TILC that is made public;
  - Decides on the transfer of, rent, transfer under a contract of an uncompensated use of a thing or mortgage of long-term property owned by TILC;
  - Decides on reorganization of TILC and the conditions of reorganization;
  - Decides to rearrange TILC;
  - Decides to liquidate TILC or to cancel the liquidation;
  - Appoints and removes the liquidator where the Law on Public Establishments enables the General Assembly to decide to liquidate TILC;
  - Sets internal control procedures of TILC;
  - Decides to audit the annual financial statements of TILC and selects an auditor or audit firm;
  - Decides on accepting regular and legal persons as new shareholders of TILC;
  - Decides on the transfer of shareholder rights (together with the portion within TILC's capital) to other persons (when these persons are not shareholders of TILC);
  - Decides on additional information in the annual report on the activities of TILC;
  - Decides on establishing new branches and representatives of TILC, on terminating their activity, approves the regulations of such branches and representatives;
  - Decides on other questions as provided for within the Law on Public Establishments and this Statute.
- 31.** The Executive Director must convene the General Assembly within four months after the end of fiscal year of TILC.
- 32.** The Executive Director must inform all shareholders of TILC about the convocation of the General Assembly (its date, location, time and agenda) in writing (registered mail) or by e-mail, at least 7 (seven) days before the General Assembly itself. If all shareholders of TILC express their consent in writing or by e-mail the deadline set within this Paragraph may be disregarded. Council members are informed in the same manner.
- 33.** Ad hoc General Assembly may be convened when initiated by the shareholders, the Chairman of the Council or the Executive Director. The shareholder and (or) Chairman of the Council who wants to convene an ad hoc meeting of the General Assembly must submit such a request in writing or via telecommunication channels to the Executive Director, who must convene the ad hoc General Assembly within 14 (fourteen) from the day of receiving this request. The initiator submits a request to convene the ad hoc General Assembly to the Executive Director in which he / she indicates the preferred date, time, location and agenda and all documents that are related to the issues on the agenda. If the Executive Director fails to convene the ad hoc General Assembly by the request of the shareholder, the initiator of the ad hoc General Assembly has the right to convene the General Assembly himself / herself in accordance with other laws and this Statute.
- 34.** When the General Assembly has not been convened in cases provided for within Law on Public Establishments or within this Statute and a shareholder or any member of any bodies of TILC has launched a legal motion in front of a court applied to the court, The General Assembly may be convened by a court's order.
- 35.** General Assembly meetings have minutes. Minutes of the General Assembly are signed by the Chairman of the meeting (who is elected during the meeting) and the secretary (who is elected during the meeting and is in charge of the minutes). When all shareholders present in the General Assembly have cast their votes in advance in writing or via telecommunication channels, minutes that reflect the casted votes are drafted by the Executive Director – or by one of shareholders when the decisions made effect the Executive Director. A decision is not minuted if it has been signed by all shareholders.
- 36.** If a natural or legal person is a sole shareholder of TILC the decisions made in writing are considered equivalent to the decisions of the General Assembly.

## **VI. COUNCIL OF TILC**

37. The Council is a collegial management body of TILC that constitutes of no less than 5 members. The exact number of Council members is decided upon by the General Assembly. In its relations with other persons, TILC is guided by the number of Council members that is prescribed (registered) in the Register of Legal Entities.
38. The General Assembly elects the Council for a 2 (two) years period. When electing the Council members each shareholder has a number of votes that is equal to the multiplication of 1 (one) and the number of Council members being elected. Shareholders have the right to allocate the votes as they see fit, voting for a single or more candidates. Whoever collects the most votes is the elected to the Council. The same voting procedure is followed in cases of elected single Council members.
39. At its first meeting the newly elected Council elects the Chairman of the Council from its members for a period of 2 (years).
40. The tenure for Council members and Chairman of the Council are limited for two terms. After two terms in office a one-year-long intermission must take place, after which the tenure is limited to two terms again. Further tenures are subject to the same procedures.
41. The General Assembly can withdraw the Council *in corpore* or individual members before the end of their tenure.
42. Council members are not remunerated for their activities.
43. The Council holds the competence to:
  - Analyse and submit proposals to the General Assembly about the strategic directions and implementation methods of main objectives of TILC;
  - Analyse the annual financial and operational reports that are approved by the General Assembly and based on their content provide strategic propositions on the development, management and other organizational matters of TILC;
  - Submit proposals regarding substantial activities of TILC;
  - Initiate changes and amendments of this Statute;
  - Provide opinions and proposals concerning collaborations and to decide on membership within other organizations.
44. During its meetings the Council adopts decisions. Council meetings are convened by Chairman of the Council or any Council member when more than half of Council members consent. The meetings are presided by the Chairman of the Council. The meetings are organized by the Executive Director under the instructions of the Council Chairman. The Council members are informed about the Council's upcoming meeting (its date, location, time and agenda) in writing (registered mail) or by e-mail, at least 7 (seven) days before the meeting itself. If all Council members express their consent in writing (mail or fax) or by e-mail then the deadline set within this Paragraph may be disregarded. The Council members may suggest to include other matters on the meeting's agenda. The Councils presides at least once per year; the Executive Director and any of the Council members have the right to propose additional meetings if they see it necessary.
45. The Council meetings are considered as convened and able to carry out decisions when no less than 1/2 of all Council members are present. Decisions of the Council are made by a simple majority of all present Council members. All Council members carry equal voting rights. In case of a tie the Chairman's of the Council vote decides the end tally.
46. The Council meetings may take place and decisions can be made with the use of telecommunication services while part or all Council members are present in the meeting and remote members vote remotely.

## **VII. THE EXECUTIVE DIRECTOR OF TILC**

47. The activities of TILC are organized and implemented by the head of TILC – the Executive Director. The Executive Director works in accordance with the laws and regulations of the Republic of Lithuania, this Statute, as well as the decisions of the General Assembly and the Council.



48. The General Assembly appoints and removes the Executive Director and determines his / her salary. The employment contract is signed between the Executive Director and the person who is authorized by the General Assembly to do so.
49. The Executive Director exercises the following functions:
- Organizes the activities of TILC, acts on behalf of TILC in relations with other persons, including concluding agreements with other persons on behalf of TILC;
  - Manages the work of TILC, prepares the strategy of activities, provides proposals of strategic directions for the Council, handles inquiries related with daily activities of TILC, guided by the awarded mandate implements the decisions made by the General Assembly and the Council;
  - Administers the formation of financial statements, submission of data and documents for Registry of Legal Entities, reports to shareholders about proceedings that are of crucial importance for the activities of TILC, registers the shareholders, is in charge of informing the society about the activities of TILC and promulgating the information that is deemed to be public;
  - Prepares and submits to the General Assembly the report on activities and finances of TILC for the previous financial year;
  - Informs the shareholders and Council members about the upcoming General Assemblies and meetings;
  - Under the instructions of the Chairman of the Council, organizes Council meetings;
  - Opens and closes bank accounts, ensures the efficient use and protection of the assets of TILC;
  - Manages staff members of TILC, determines their positions and salaries, hires and dismisses employees according to laws and regulations, promotes and imposes disciplinary sanctions upon them;
  - Approves internal regulative documents of TILC;
  - On behalf of TILC signs banking and financial documents, orders, sets areas of activities in which other employees of TILC are enabled to act independently and sign agreements on behalf of TILC, issues authorization to perform these actions;
  - Represents TILC in court, the government and other governance institutions and in relations with other natural or legal persons;
  - Issue orders that are mandatory for employees of TILC;
  - Implements other functions provided for in this Statute and or as assigned by the General Assembly.

### VIII. REPORT ON THE ACTIVITIES OF TILC

50. The Executive Director prepares and submits for approval by the General Assembly the report on activities and finances of TILC for the previous financial year. This report is public. By the request of any natural or legal person TILC must allow to access this report within its main office or by any other means as provided for in other laws and regulations.
51. The report on the activities of TILC must contain:
- Information about the objectives and nature of the activities of TILC, the implementation of these objectives and activity results for the previous financial year, plans of activities and prognosis for the upcoming financial year;
  - A list of shareholders and each of their individual contribution to TILC at the beginning and at the end of the financial year, the value of shareholders' capital at the beginning and at the end of the financial year;
  - The funds received by TILC and their sources during the financial year and the use of these funds by articles of economic classification;
  - Information about the acquired and alienated long-term assets of TILC during the financial year;
  - Expenditure of TILC during the financial year, with wage costs noted within;

- The number of employees at the beginning and at the end of the financial year;
- Expenditure costs for management;
- Data on the Executive Director, expenditure for the salary and other expenses for the Executive Director;
- Expenditure for pay-outs for persons related to shareholders (the definition of a person related to a shareholder is provided within the Law on Public Establishments).

## **XI. PROCEDURE FOR FINANCIAL CONTROL**

52. TILC is audited when the General Assembly adopts a decision to carry out an audit and selects an auditor or audit firm, taking into account the proposed rates, experience and quality of services offered.
53. An audit is carried out in accordance with the legislation governing the audit procedures.
54. The Executive Director submits an audited financial year report along with the auditor's conclusion to the Registry of Legal Entities.

## **XII. PROCEDURE FOR AMENDMENTS AND SUPPLEMENTS**

55. The right to initiate an amendment of supplement of this Statute lie with the Executive Director, the Council and the General Assembly.
56. The amended and supplemented Statute is approved by a qualified majority of at least 2/3 of the present shareholders within a General Assembly, as provided for within Paragraph 26 of this Statute.
57. Amendments and supplements enter into force from the date of their registry within the Registry of Legal Entities as established by other laws and regulations.

## **XIII. SUBMISSION OF DOCUMENTS AND OTHER INFORMATION ABOUT THE ACTIVITIES OF TILC TO THE SHAREHOLDERS. MAKING PUBLIC ANNOUNCEMENTS AND PROCLAMATIONS. PROCEDURES OF PRESENTING INFORMATION ON ACTIVITIES OF TILC TO THE SOCIETY**

58. A shareholder has the right to access all documents of TILC and receive all the information about activities of TILC after submitting a written request for the Executive Director. The Executive Director must enable the shareholder access to the requested information and/or documents not later than 7 (seven) days after the date of receiving such a request.
59. When reports of TILC must be announced publicly they are announced via electronic journal "Public announcements by legal entities" („Juridinių asmenų vieši pranešimai“) published by Centre of Registers.
60. Other reports of TILC for shareholders and other persons are sent by registered mail, delivered personally (under signature) or via telecommunication channels.
61. The Executive Director is responsible for the proper and timely announcement and/or delivery of reports and information.
62. The report on the activities and finances of TILC must be submitted to the Registry of Legal Entities and published on the website of TILC no later than within 5 working days from the date of General Assembly that approved the report.
63. Conditions that enable any third party to access the reports on the activities and finances of TILC in its main office during working hours must be created.

Statute of TILC was signed in Vilnius, in the year two thousand and seventeen, on the fifth of January

*Authorized person by the General Assembly:*

*Sergejus Muravjovas*

