

# **INGO ACCOUNTABILITY CHARTER REPORT**

1 JANUARY TO 31 DECEMBER 2014

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# Strategic commitment to accountability

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## 1.1 Statement from the highest decision maker of the organisation. Indicate how accountability is central to your short, medium and long term strategy and how it drives management decision making.

Since 1993, Transparency International-Secretariat (TI-S) serves Transparency International, the global coalition against corruption. Ever since, systemic solutions have always been at the heart of our approach and the promotion of transparency and accountability not only mirrored in our name but obviously also inextricably connected with our cause, not only as values that we promote towards others, but also as our own way of working.

2014 has been an important year for TI, as we embarked on a new campaign, *Unmask the Corrupt*, bringing about major changes. For example, the G20 adopted principles on beneficial ownership transparency, one of the main focus areas of that campaign. The European Union Anti-Money Laundering Directive was also updated and now requires public beneficial ownership registers that are open to those “with legitimate interest”. In parallel, our work on cases of corruption has expanded, in particular with a growing number of our National Chapters mainstreaming into their work their support to victims and witnesses of corruption. In order to further this expansion and increase the quality of its support to the TI Movement, our secretariat produced consolidated guidance for Chapters on how to manage cases and how to set up an online reporting platform. In order to assert that our work is relevant to all citizens and that it generates long-term change, we have also striven to improve our engagement strategies. Engagement with women, for instance by creating networks of women leaders. But also engagement with the youth, with a view to get them to take action against corruption and to remain involved over the long term. The business sector of course also continued to be an important target of our work, and it showed particularly responsive to TI’s 2014 Transparency in Corporate Reporting publication – 80 of the reviewed companies contacted us to discuss the results, and some of them actually changed their internal processes as a direct result of the publication.

Such increased engagement with citizens, businesses and governments was supported by increased visibility: an interactive map visualising the results of our 2014 Corruption Perceptions Index was seen by 3 million people and our social media fan base also increased, depending on the platform, by between 50 and 100%.

Growing Impact and visibility unequivocally further raise the bar of professionalism and accountability that should be expected of us. Internally, we have therefore implemented in 2014 our new *Impact Monitoring Approach* (IMA) which supports our learning and accountability. In turn, lessons learnt help us understand how we can improve our performance, design better interventions and use resources more efficiently. This approach is highly participatory, requiring and indeed actively promoting the involvement of both internal and external stakeholders. We strive to create a supportive environment and the generation of evidence that enables better informed decision-making as well as increased accountability of our own organisation. That also implies sharing even more with our donors and constituents our learning about what works and what doesn’t in the fight against corruption. Some examples how this is mainstreamed through our work through planning processes and monitoring and evaluation are:

- The work of the Transparency International secretariat is guided by a five-year Implementation Plan which outlines our contribution to realising [Strategy 2015](#). Our Annual implementation plan summarises the most important areas of work in each upcoming year. Our quarterly review system allows us to mainstream data collection in all departments and systematically assess the progress made against our annual implementation plan. Findings are analysed and shared in quarterly summary reports to inform strategic decisions and improve programme design and implementation. The findings and lessons learnt also inform our communication and dialogue with donors and the public.
- The TI movement started in 2014 its next strategy, TI 2020. Stakeholders and partners globally have been consulted and provided their ideas on how TI can make the biggest difference in stopping corruption.
- Besides the ongoing monitoring of whether our work is on track, we regularly conduct learning reviews and independent evaluations to assess the effectiveness of our projects and programmes and to improve our learning and internal accountability processes.

- Our Board endorsed a Whistleblower Protection policy for TI-S, encouraging people to speak up and outlining clear structures and capacity to ensure that they can do so without fear.
- TI is moving towards being a learning organisation, in the sense of identifying what we need to change, to readjust, or to adapt in order to improve and what we should continue building on. Our Monitoring Evaluation and Learning (MEL) system is set up to help us produce findings that can inform strategic decisions, improve programme design and implementation, improve allocation of resources by diverting funding from ineffective to effective interventions and ultimately to build knowledge in the wider anti-corruption community regarding what works and what does not work in the fight against corruption.

As will be read in this report, much is being done to be accountable in our work, assert the legitimacy of our motives, of our professionalism and indeed of our mandate to promote the anti-corruption cause in the interest of the public. At the same time, important elements remain work in progress, highlighting the need for us (i) to finalise, resource and implement a comprehensive Environmental Policy tailored to our structure and way of working so as to control and minimize our carbon foot-print in particular, (ii) to complete the updating of our Movement-wide ethics structure and complaint mechanisms or indeed (iii) to better mainstream across our Secretariat reflection arising from the compilation of this report and the feedback received thereon from the Independent Review Panel. We much appreciate the diligent scrutiny that the Independent Review Panel constantly exercises over the report and look forward to their feedback.



Cobus de Swardt  
Managing Director

# Organisational profile

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## 2.1 Name of the organisation.

Transparency International e.V.

## 2.2 Primary activities (e.g. advocacy, research, service provision, capacity building, humanitarian assistance, etc.). Indicate how *primary activities support attainment of your mission and strategic goals.*

Transparency International's vision is a world in which government, politics, business, civil society and the daily lives of people are free of corruption. To work towards this end, our mission is to stop corruption and promote transparency, accountability and integrity at all levels and across all sectors of society.

To achieve our mission, TI's primary activities focus on supporting National Chapters at the national level and working at the international level to promote reforms within the public and private sectors that increase transparency and accountability, mobilising citizens, and empowering civil society to advocate for and monitor such reforms.

A key element of TI's work is diagnosing corruption by measuring its occurrence through surveys and indices. Based on its findings, TI raises awareness of particular types of corruption and the effectiveness of anti-corruption programmes; monitors trends in the incidence of corruption and in the implementation of anti-corruption measures; and advocates for reforms in laws, policies and practices at the national and global levels. Following in-depth research, TI develops practical tools to counter corruption and implements solutions, working through coalitions of actors from civil society, the public and the private sectors.

TI-S promotes common anti-corruption approaches across the TI movement. It identifies what is working in the fight against corruption and actively promotes successful approaches, in both cases from and throughout the Movement and beyond. This implies learning, synergies and leads to greater impact of anti-corruption approaches around the world. TI-S fulfils this role primarily through the implementation of international programmes, the coordination of campaigns being implemented in multiple countries, and the identification, development and promotion of effective anti-corruption approaches. Undertaking diagnostics of corruption and continuous learning across the Movement and promotion of innovation at the national level (with the aim to replicate success internationally) are important aspects of this work.

TI-S supports effective functioning of the Movement. Support to, and servicing of, the global TI Movement is central to TI-S' mandate. Work in this area is multi-faceted, but it is also central to the ability of the Movement to act coherently and effectively against corruption. TI-S work includes (i) leading global anti-corruption advocacy, (ii) supporting the global governance structure including demonstrating transparent decision-making and facilitating mutual accountability among the different parts of the Movement, (iii) protecting the safety of the Movement's members and its reputation, (iv) facilitating intra-movement learning and coordination and (v) capacity advice to National Chapters (e.g. Planning, Monitoring, Evaluation and Learning, Fundraising, Research, Communications/ Advocacy).

Based on our 2015 Strategy which was developed in a 12-month-long consultation process both inside the TI Movement, and outside including interviews of some 50 key external stakeholders, Transparency International-Secretariat's strategic priorities in 2010-2015 have been:

- (i) Increased empowerment of people and partners across the world to take action against corruption;
- (ii) Improved implementation of anticorruption programmes in leading institutions, businesses and the international financial system;
- (iii) More effective enforcement of laws and standards around the world and reduced impunity for corrupt acts;
- (iv) Higher levels of integrity demonstrated by organisations and people, especially youth and those in leadership positions around the world;
- (v) Strengthened ability to work together;

(vi) Enhanced responsiveness, presence, performance and impact at all levels. Further details of these priorities can be found in TI-S' Implementation Plan ([http://www.transparency.org/files/content/ourorganisation/TI\\_Strategy2015ImplementationPlan\\_EN.pdf](http://www.transparency.org/files/content/ourorganisation/TI_Strategy2015ImplementationPlan_EN.pdf))

## 2.3 Operational structure of the organisation, including national offices, sections, branches, regional and field offices, main divisions, subsidiaries, and joint ventures.

Transparency International e.V. operates in the form of the International Secretariat (TI-S) of Transparency International (TI). ([www.transparency.org](http://www.transparency.org)). It works on behalf of and reports to the international Board of Directors. As outlined above, TI-S leads on global advocacy, services the global governance of the TI Movement and provides a platform of exchange to its Members, which comprises TI National Chapters (locally established, and governed organisations with responsibility for their own fundraising) and Individual Members (natural persons), who respectively lead the fight against corruption in their own country/ territory, and contribute their global expertise to the goals of the international Movement.

TI-S also established in Brussels a Liaison Office to the European Union. That is a separate legal entity which is locally registered as a AISBL, i.e. a not for profit society under Belgian Law, and reports to the International Secretariat in its operational capacity. <http://www.transparencyinternational.eu/>

## 2.4 Location of organisation

Alt-Moabit 96, 10559 Berlin, Germany

## 2.5 Number of countries where the organisation operates, and names of countries with either major operations or such that are specifically relevant to the accountability issues covered in the report.

TI-S operates at global level. National activities are undertaken by TI National Chapters, which are local independent affiliates around the world, and were 116 as of 31 December 2014. For details on our Chapters, please find the desired country at <http://www.transparency.org/whoware/contact>

## 2.6 Nature of ownership and legal form. Details and current status of not-for-profit registration.

The legal form of TI-S is that of a 'registered society' with the Charter Court Berlin, Charlottenburg, Germany (*eingetragener Verein or e.V.*, registration number: VR 13598 B).

As such it has no owner but Members and is represented in judicial and extra-judicial matters by our Chair or our Vice-Chair (forming the Executive). They appoint a Managing Director to represent them in all usual matters up to a value of EUR 250,000.

As per German law, TI-S is recognised as a not-for-profit entity, subject to a review by the tax authorities on a triennial basis.

More details can also be found at [http://www.transparency.org/whoware/accountability/governance\\_reporting/0/#ITZ](http://www.transparency.org/whoware/accountability/governance_reporting/0/#ITZ), in line with the German CSO Accountability Initiative *Initiative Transparente Zivilgesellschaft*.

## 2.7 Target Audience

We raise the awareness of people around the world about the devastating effects of corruption and work at global level with governmental bodies, business, and other civil society organisations to fight against it.

The international movement of Transparency International consists of more than 116 National Chapters, Chapters-in-formation and National Contacts, and over 30 Individual Members. TI National Chapters are locally-established and fully independent national NGOs that are strongly rooted in their own country/territory and set their own priorities and strategies according to national context and needs, while contributing to and embodying the overall TI vision, mission, and Strategy 2015. As of 31 December 2014, the number of TI accredited National Chapters, National Chapters in Formation and National contact was spread as follows:

Americas:	20	Middle East & North Africa:	8
Asia Pacific:	23	Sub-Saharan Africa:	20
Europe and Central Asia:	45		

While, the main direct beneficiaries of TI-S' work remain the TI National Chapters, they of course hold a key role in reaching out to local communities. Whilst TI-S' ultimate beneficiaries are women, men, girls and boy affected by corruption. TI-S works on behalf of our intermediary and ultimate beneficiaries at the global level and seeks to strengthen their ability to advocate for change.

The target audience (and affected stakeholders) for this report includes TI-S's sponsors, partners, donors and supporters, and those governments, institutions and organisations TI-S works with or seeks to influence or involve in ending corruption worldwide.

In follow-up to questions raised by the Review Panel in view of our last report, we can clarify that TI recognises the pervasive and truly global nature of corruption. In practice, this means that we are prepared to work with a suitable partner organisation to become a future TI National Chapter in any country where there has been no TI Chapter. The suitability of a given organisation is judged upon its integrity, independence, commitment and demonstrated ability to address corruption effectively and professional standards. Our pro-active outreach to identify partners has been prioritising countries where there is no existing TI Chapter and which are of global strategic importance either because the country itself can influence the international dynamics of corruption or there is a significant opportunity to effect profound and highly needed anti-corruption reforms.

## 2.8 Scale of the reporting organisation including global annual budget; annual income and expenditure, number of e.g. members, supporters, volunteers, employees; total capitalisation in terms of assets and liabilities; scope and scale of activities or services provided.

Direct beneficiaries:	Network of National Chapters and local affiliates in 116 countries on all continents.
Average number of Employees:	180 (all with TI-Secretariat), of which 20 part-time.
Volunteers:	13 Senior Advisors 32 Individual Members
Total income:	EUR 26,906,872
Total Assets:	EUR 16,038,954

Note: Our total assets for 2013 were EUR 23,846,860. The significant decrease in total assets is due to the fact that in the case of multi-country projects, TI-S sometimes acts as an administrator of the grant between the donor and National Chapters that are part of the project. In such cases, advances made to National Chapters are reflected as assets, i.e. a liability that Chapters have towards TI-S, until they have reported on the spending of the funds from the donor. In 2014, a number of large multi-country projects came to an end, resulting in a significant reduction in outstanding advances to National Chapters.

All of the above are as per pp 3, 9 and 18 of 2014 TI-S audited Financial Statements (following International Financial Reporting Standards (IFRS)) as can be found at [http://www.transparency.org/whoweare/accountability/audited\\_financial\\_reports\\_with\\_independent\\_auditors\\_report/1/](http://www.transparency.org/whoweare/accountability/audited_financial_reports_with_independent_auditors_report/1/)

Concrete examples of our activities can be found topic by topic at <http://www.transparency.org/topic/> on our projects: <http://www.transparency.org/whatwedo/projects/> , at <http://www.transparency.org/research/> for our research or at <http://www.transparency.org/whatwedo/tools/> for the anti-corruption tools that we promote. Detailed information about the finances of our activities can be found in this report under NGO 7.

## 2.9 Significant changes during the reporting period regarding size, structure, governance or ownership.

The 2014 Annual Membership Meeting elected Jose Ugaz (Peru) and Elena Panfilova (Russia) respectively as new Chair and Vice-Chair of Transparency International.

As mentioned in last year's report TI-S' total income increased by close to 20% from EUR 22,769,737 in 2012 to 27,034,173 in 2013. This amount remained relatively stable in 2014 and we closed our 2014 year at an income of EUR 26,906,872.

## 2.10 Awards received

Our communication is key in the pursuit of our mission as a global advocacy organization.

The international campaigning and advocacy organization One bestowed TI with their Honesty Oscar for Best Visual effect (<http://www.one.org/us/2015/02/23/and-the-honesty-oscars-go-to/>), namely celebrating the interactive graphics presenting the results of our 2014 Corruption Perceptions Index (CPI) (<http://www.transparency.org/cpi2014/infographic>)



# Report Parameters

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## 3.1 Reporting period

This report covers the period 1 January to 31 December 2014, as per our fiscal year.

## 3.2 Date of most recent previous report

29 December 2014 (Report for 2013)

## 3.3 Reporting cycle

Annual reporting cycle

## 3.4 Contact person for questions regarding the report or its contents.

Stan Cutzach,  
Governance Director  
phone: +49 30 34 38 20 652: [scutzach@transparency.org](mailto:scutzach@transparency.org)

## 3.5 Process for defining reporting content and using reporting process.

The scope of the Report was determined to be consistent with that of our Audited financial statements, as well as other internal and external accountability instruments. We believe it constitutes a very relevant source of information for anybody from the wider public who want to understand our organisation better and it is therefore posted on our website:

[http://www.transparency.org/whoweare/accountability/governance\\_reporting/1/#GRI](http://www.transparency.org/whoweare/accountability/governance_reporting/1/#GRI).

It was compiled by the Governance Director, based on the input from many in TI-S including Finance, External Resources, Human Resources, Monitoring, Evaluation & Learning (MEL), and Governance to provide relevant and comparable information over time and with peer NGOs, so as to help donors, academics and any visitor of our website to assess our work. It is yearly shared and discussed with our Board Audit Committee on behalf of the Board and regarded as a particularly valuable exercise. In that context, we have recently identified expertise among the Audit Committee which we intend to draw from in the future so as to advise a better targeting of this report's focus.

However, our overall assessment is that the potential benefit of this exercise remains by and large untapped both internally and externally. In our report for 2013, we had indicated our goal to have by 2015 integrated this reporting exercise into our MEL system so as to better mainstream the use of this report across TI-S departments and throughout the year, thereby maximising learning from the thoughtful feedback received from the Independent Review Panel and enhancing performance in the areas reported upon. While the data collection and reporting are largely mainstreamed by the end of 2014, we realise that we still need to improve our efforts in ensuring that TI-S departments and cross-functional teams engage in a meaningful reflection on what we can learn and do better in order to ensure improvements are made in the areas covered by this report. It appears at the time of writing this report that we may only be able to have achieved significant progress against this objective in 2016.

### 3.6 Boundary of the report with regard to regions and operations (e.g. divisions, subsidiaries, leased facilities, joint ventures, suppliers).

Consistent with our audited financial statements the Report focuses on the structure, governance, finances, and activities of the international secretariat of TI (TI-S).

### 3.7 Material content limitations of the report.

The Report is not about the work and capacities of TI National Chapters around the globe, nor those of the Transparency International Liaison Office to the European Union. However, instances of activities at National Chapter level are outlined as illustrations of our work when TI-S is contributing a particular service to a deliverable by a National Chapters. Indeed, as an illustration of the nature of our network, it may be interesting to note that many of our Chapters do not carry the Transparency International name or brand.

The Accreditation process and corresponding reviews by which TI-S ensures that partner organisations deserve remaining a TI National Chapter is explained under 4.15. of this report.

### 3.8 Basis for reporting on national entities, joint ventures, subsidiaries, outsourced operations or other entities.

No joint ventures, subsidiaries or outsourced operations are reported upon in this document.

As indicated above, the accountability of TI National Chapter to the global Movement is described under 4.15.

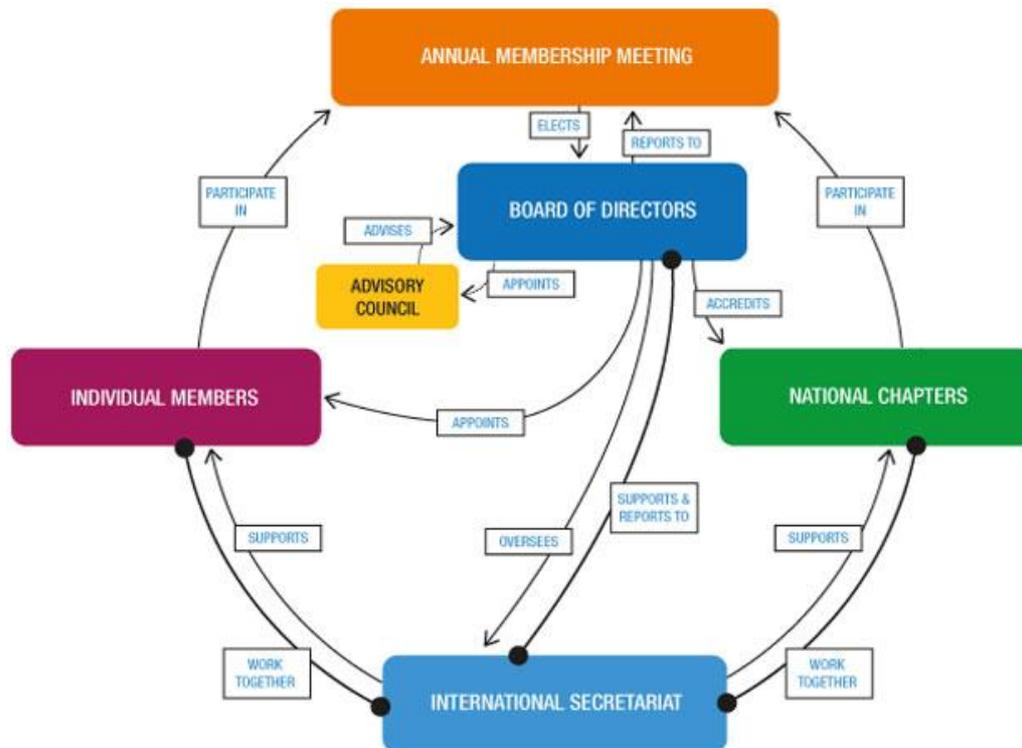
### 3.10/ 3.11 Significant changes from previous reporting periods in the boundary, scope, time frame, or measurement methods applied in the report.

In this report, no significant changes in boundary, scope, timeframe or measurements were made in comparison with those of past years.

# Governance structure and key stakeholders

## 4.1 Governance structure and decision making process at governance level.

A good visual representation of the governance of TI-S continues to be the following:



The governance structure of Transparency International aims to reflect the spirit of our mission and the ownership by our Members operating on the front lines of the fight against corruption and to embody our commitment to transparency, accountability and integrity.

The pillars of our governance principles are rooted into our Charter [http://www.transparency.org/whoweare/accountability/our\\_charter/](http://www.transparency.org/whoweare/accountability/our_charter/) which is itself approved by our Annual Membership Meeting. It is underpinned by the TI Statement of Mission, Values and Guiding Principles: [http://www.transparency.org/whoweare/accountability/a\\_statement\\_of\\_vision\\_values\\_and\\_guiding\\_principles\\_for\\_ti2/](http://www.transparency.org/whoweare/accountability/a_statement_of_vision_values_and_guiding_principles_for_ti2/)

Established as a *Verein* under German Law, i.e. a society, Transparency International has a membership structure consisting of a network of accredited National Chapters and Individual Members throughout the world.

TI National Chapters (NCs) are the highly independent and locally based and -governed NGOs that decide upon their own priorities and raise their own funds. Our Chapters are accredited according to a set of objective standards in three stages: from National Contact to National Chapter in formation and finally to fully accredited National Chapter status. They are the local experts and the prime interlocutors of TI-Secretariat in their respective countries.

TI's Individual Members (IMs) are anti-corruption advocates of international standing who contribute their international perspective and expertise to the strategic and policy decisions of the Annual Membership Meeting, of the Board, and to the work of TI-S and of Chapters.

(Our NC Accreditation and IM Appointment Policy can be found at:

[http://www.transparency.org/whoweare/accountability/national\\_chapter\\_accreditation\\_and\\_individual\\_member\\_appointment\\_policy/0/](http://www.transparency.org/whoweare/accountability/national_chapter_accreditation_and_individual_member_appointment_policy/0/))

The highest governance body in TI is the Annual Membership Meeting (AMM). As per the Charter, its duties are to

- a) consider the Annual Report and financial statements of the Society presented by the Board of Directors and give formal approval to the actions of the Executive and the Board of Directors;
- b) determine the fees if any to be paid by Members;
- c) elect and remove the Chairperson, the Vice Chairperson and members of the Board of Directors from among the Official Chapter Representatives (OCRs) and the Individual Members.;
- d) decide and revising a policy for the accreditation of National and Regional Chapters and for the appointment of Individual Members.
- e) approve amendments to the Charter of the Society, or its dissolution.

At the time of the 2014 Annual Membership Meeting, TI counted 127 Members, consisting of 95 accredited National Chapters and 32 Individual Members.

Each accredited National Chapter and Individual Member hold one vote at the Annual Membership Meeting. To address a question raised by the Review Panel following our last report concerning potential undue influence of Individual Members on our process, it is important to stress that the total amount of Individual Members is limited by policy so that they may not represent more than 1/3 of the overall membership (i.e. accredited National Chapters + Individual Members). Furthermore, Individual Members form a highly diverse group of individuals who do not act as a block in our Membership structure. This may be illustrated by the fact that out of 12 Board members, we counted only 2 Individual Members. The current list of Individual Members can be found at: [http://www.transparency.org/whoweare/organisation/individual\\_members/0/](http://www.transparency.org/whoweare/organisation/individual_members/0/) along their respective registers of interests.

The Board of Directors is in charge of supervising the organisation through the year, appoints the TI-S Managing Director, approves the budget, and is, by virtue of our Charter, in charge of Strategy. However, while it watched over the development process of our current strategy (2015 Strategy), it submitted the approval of the final draft to the critical feedback and final approval of the Annual Membership Meeting. It comprises the members the Chair and the Vice Chair and ten additional members. The composition of our Board of Directors in 2014 can be found on page 2 of our audited financial statements

[http://www.transparency.org/files/content/ouraccountability/TIS\\_2014AuditedFinancials.pdf](http://www.transparency.org/files/content/ouraccountability/TIS_2014AuditedFinancials.pdf)

Short biographies of the current TI Board of Directors along their respective registers of interests are posted at [http://www.transparency.org/whoweare/organisation/board\\_of\\_directors/1/](http://www.transparency.org/whoweare/organisation/board_of_directors/1/)

In order to provide greater depth to its supervision, the Board of Directors counts eight Committees which focus on key areas of our work:

- Audit Committee
- Financial Committee
- Ethics Committee
- Membership Accreditation Committee
- Communications Committee
- Awards Committee
- SAFE Committee
- Governance Committee

The Terms of Reference for each committee, along with the committees' compositions and details of a contact person for each of those committees are all available at:

[http://www.transparency.org/whoweare/organisation/board\\_committees\\_and\\_task\\_forces/1](http://www.transparency.org/whoweare/organisation/board_committees_and_task_forces/1)

Such work can be further supported by Task Forces bringing together Board members and members of the Movement to support the achievement of often policy-related time-bound assignments. In 2014, the Board had Task forces on:

- The 2020 Strategy Development process
- The protection of Civil Society Space

- The formulation of a Policy on TI's public statements on Multinational companies
- The exploration of institutional alternatives for TI.

TI-Secretariat has an internal Risk Management Committee which met on a quarterly basis in 2014, systematically reviewing risk assessments from across the organisation for their quality and the appropriateness of risk mitigation provisions. It discusses risks that result in the highest combination of probability and impact. It reports to the Board Audit Committee, which in turn also reviews the Audited Financial Statements and meets with the auditors.

## 4.2 Division of powers between the highest governance body and the management and/or executives.

The Membership Meeting delegates to the international Board of Directors the duty to implement its decisions and the role of the Board of Directors is outlined under §14. of our Charter [http://www.transparency.org/whoweare/accountability/our\\_charter/1/](http://www.transparency.org/whoweare/accountability/our_charter/1/). The Chair of the Board of Directors also chairs the Annual Membership Meeting and does not exercise any executive functions in TI-S, while also having taken on high-profile external representational duties .

By contrast to the strategic and oversight role of the Board of Directors, the Managing Director is appointed to represent TI-S in all usual matters of up to a value of Euro 250,000 (two-hundred and fifty thousand Euros) and thereby ensuring operational leadership. He can enter into, terminate, and nullify contracts of employment.

In practice, and following the usual pattern the Board met in 2014 twice at the Secretariat in Berlin and twice around the Annual Membership Meeting (once just before and once just after the AMM). The Board also received updates or took decisions throughout the year by way of 52 e-mail Board circulars from the Chair. In his leadership of the Secretariat's operation, the Managing Director chaired weekly meetings of the TI-S Management Group. The MD and the Chair coordinated high-level representation and discussed potential arising strategic matters through regular phone calls.

## 4.3 Please state the number of members of the highest governance body. How many are independent and/or non-executive members?

The TI Board of Directors counts 12 members, none of whom are remunerated by TI-Secretariat or perform any executive functions at TI-S.

## 4.4 Mechanisms for internal stakeholders (e.g. members or employees) to provide recommendations to the highest governance body.

With TI being a membership-based organisation, the most critical stakeholder to the highest governance body is the Membership itself.

As per §16.2 of our Charter, *Members may for consideration by the Executive submit matters for inclusion on the agenda [of the Membership Meeting] 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.*

This can be exemplified by the 3 resolutions adopted by our 2014 Annual Membership Meeting ([https://www.transparency.org/files/content/feature/2014\\_AMM\\_Resolutions.pdf](https://www.transparency.org/files/content/feature/2014_AMM_Resolutions.pdf)), all tabled by members of our Movement and open for advanced (virtual) discussions along any other topics of interests, on our intranet. In that context, beyond the formulation of important advocacy statements the resolution on Multinational companies had important implications in policing our processes ahead of formulating external statements on corporate corruption cases.

Members are invited to provide feedback to the draft minutes of Membership Meeting over e-mail and approve the final minutes at the following Membership Meeting.

Also Members are informed of the dates of Board Directors meeting meetings at the beginning of the year and receive the agenda of such meetings ahead of time. They also receive Board meeting minutes and are informed by way of posting on our intranet of any decisions taken by the Board of Directors in-between meetings, i.e. over e-mail.

The Managing Director consults with staff ahead of each Board of Directors meeting of gathering input for accountability and recommendation purposes to the Board where all TI-S Departments are involved.

#### 4.5 Compensation for members of the highest governance body, senior managers, and executives.

As stated under 2.3 above, none of the 12 members of the TI Board of Directors receive remuneration from TI-S.

A global NGO operating from Berlin, Germany, TI-S has developed a salary scale seeking to attract the people that we need to hire and retain the people we need to keep, and is coherently grounded in our values and financial realities as a not-for-profit organisation which cause is closely related to development, sustainability and social justice. Our approach was thoroughly reviewed in 2007 where a proposal was presented by the Board Finance Committee and approved by the Board of Directors, based on relevant organisations where future staff may come from or current staff may move on to with adjustments made in light of the cost of living in Berlin. Organisations referenced included global NGOs, relevant German and European governmental organizations, European small enterprises and US not for profit organisations, whereby each category of organization was weighted as to their degree of relevance to our staff and comparability to our status and work.

A comprehensive review took place over the year 2012 with assistance of an external consultant and central involvement of the Works Council and the Human Resource Development whereby all TI positions were described in a streamlined template outlining for each Standard Job Description (SJD) line-management responsibilities, media-representation, frequency of travel, core job-duties, and requirements in terms of (i) education, (ii) work experience, (iii) 18 technical knowledge criteria, (iv) four soft skill areas as well as (v) needed language skills. This resulted in 6 salary grades with the corresponding salary scale posted our website in its current form:

[http://www.transparency.org/files/content/work/TIS\\_SalaryStructure\\_Jan2014.pdf](http://www.transparency.org/files/content/work/TIS_SalaryStructure_Jan2014.pdf)

As reported in our audited financial statements, the total amount of salaries paid to the Managing Director and Group Directors in 2014 was EUR 870,662 (6 individuals).

While eventual payments for new staff joining the organisation from abroad are regulated by our Relocation Allowance Policy as posted at <http://www.transparency.org/whoweare/work/>. No exiting pre-arrangements are contracted with staff and outgoing managers are not provided benefits.

#### 4.6 Processes in place for the highest governance body to ensure conflicts of interest are identified and managed responsibly.

TI Board members are subject to the TI Board Code of Conduct ([http://www.transparency.org/whoweare/organisation/code\\_of\\_conduct\\_for\\_the\\_board\\_of\\_directors/5/](http://www.transparency.org/whoweare/organisation/code_of_conduct_for_the_board_of_directors/5/)) and the TI Conflict of Interest policy ([http://www.transparency.org/whoweare/accountability/conflict\\_of\\_interest\\_policy/3/](http://www.transparency.org/whoweare/accountability/conflict_of_interest_policy/3/)). As such candidates for Board election are required to compile a register of interests which is circulated to the electorate along their biography and election statement. As a matter of fact, candidates for election on the Board are occasionally subject to questions from the voters on potential conflicts of interests during TI election hearings. Once elected, Board members are required to keep their register of interests updated within three weeks of any changes arising, noting that those registers are subject to public scrutiny, as posted at [http://www.transparency.org/whoweare/organisation/board\\_of\\_directors/1/](http://www.transparency.org/whoweare/organisation/board_of_directors/1/).

The TI Conflict of Interests Policy is an AMM-approved document which applies to TI-S and all TI Chapters. As such TI National Chapter are also required to publish and maintain the registers of interests for their respective Board.

At each physical Board meeting, a compilation of the registers of interests of all 12 members are systematically circulated in hard copy to each Board member to support mutual accountability among Board members on Conflict of Interest management. This is also used to ask Board members to update or confirm their respective registers and thereby ensure the current character of the registers on our website. As per the Policy, not only the interests of the Board members themselves are under scrutiny, but also relevant interests of close relatives. Beyond ensuring independence from external stakeholders the Policy also provides clear rules to ensure the independence of Board members from TI-Secretariat itself. It is not uncommon for TI Board members to leave the Board room and/ or to recuse themselves from engaging in discussion when matters arise where they have or may be perceived as having a conflict of interest.

#### 4.10 Process to support the highest governance body's own performance.

Members of the Board of Directors are elected for a three-year term by the TI Annual Membership Meeting. 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.

The Board reports its decisions throughout the year on the TI intranet (*Chapter Zone*) which is accessible to TI members, where space is available for Member's comments or questions. At the Annual Membership Meeting, the Board reports to the Membership about its work through the Board Chair and the Chairs of the Board Committees, also answering questions and taking comments. This platform is unfortunately little used by Members and the secretariat is working at developing an online internal communication environment which truly generate exchange and better support internal accountability, which we should be able to describe in our report for 2016.

The Board also yearly conducts an anonymous online self-evaluation under the facilitation of the Board Governance Committee, covering the Board's performance on its core responsibilities and Enablers of Board's effectiveness, broken down into 21 questions. The Board Governance Committee provides an analysis of the results which are available to all Board members in full, both in terms of scores as well as of comments, for the Board to discuss at a physical meeting and decide upon areas requiring improvement. The main findings of such evaluation have then been shared with the Annual Membership Meeting. More recently, the Board has found the results of the evaluation showed great disparities and that the current process was not adequately supporting the strengthening of the Board's effectivity. The Board Governance Committee was commissioned to review best practice and recommend an updated system upon which our report for 2016 will outline.

#### 4.12 Externally developed environmental or social charters, principles or other initiatives to which the organisation subscribes.

Beside its membership to the INGO Accountability Charter, TI-Secretariat is also a member of the International Aid Transparency Initiative (IATI: <http://www.aidtransparency.net/>), Initiative Transparente Zivilgesellschaft (<http://www.transparency.de/Initiative-Transparente-Zivilg.1612.0.html>) and subscribes to International Financial Reporting Standards (IFRS): <http://www.ifrs.org/Pages/default.aspx>

#### 4.14 Stakeholder groups of the organisation?

TI takes a holistic approach to the fight against corruption and seeks at global level to involve all stakeholders from **business, civil society and governments** in a coalition against corruption. This is most clearly expressed by our first Guiding Principle:

*As coalition-builders, we will work cooperatively with all individuals and groups, with for-profit and not-for-profit corporations and organisations, and with governments and international bodies committed to the fight against corruption, subject only to the policies and priorities set by our governing bodies.*

In view of this coalition-building approach, engagement with stakeholders is at the very root of our work and structures, first and foremost so in our National Chapters.

As stated earlier, for the purpose of this report, TI-Secretariat engages primarily with its local affiliates in 116 countries (in the form of our National Chapters and National Contacts) as well as Intergovernmental organisations, businesses operating internationally, our donors, and peer international Civil Society organisations.

A sense of the more formal side of our institutional relationships with other civil society organisations, intergovernmental organisations or private sector actors can be found at <http://www.transparency.org/whoweare/accountability/governance/0> and [http://www.transparency.org/whatwedo/tools/business\\_principles\\_steering\\_committee](http://www.transparency.org/whatwedo/tools/business_principles_steering_committee)

#### 4.15 Process for identification, selection and prioritisation of key stakeholder groups.

TI-S leads in global and regional advocacy for the TI movement. TI-S is responsible for shaping the international anti-corruption agenda, promoting the development and enforcement of international norms and standards, and demanding the transparency and accountability of international, regional and national institutions. This role requires building global coalitions and partnerships, coordinating TI Movement collective action around international issues, developing internationally relevant evidence-based advocacy products and actions, and ensuring high international visibility for the anti-corruption issue and the TI Movement. To this end we identify governments, business leaders, local communities and other civil society organisations that we work with.

Key stakeholders are identified through the global strategic and implementation planning process and project planning processes applicable to individual campaigns and strategies in specific areas. The criteria and prioritisation for relationships are based on our shared priorities, guiding principles, relevance and the potential added value.

National Chapters and Individual Members remain the key components of the Transparency International movement. Under the direction of the Board, the secretariat and the Membership Accreditation Committee run a transparent and collaborative accreditation process to ensure that chapters and individual members continue to uphold the values and principles of the movement.

National Chapters are accredited according to a set of objective standards in three stages: from national contact, to national chapter in formation and finally to fully accredited national chapter status. Full accredited national chapters pass through a review process every three years, aimed at ensuring continuous compliance with our standards and strengthening the work of the chapters. Fundamental features required include:

- Anti-corruption and good governance focus
- A coalition-building approach
- Non-political-partisanship

Additionally, the review evaluates the Chapter's performance around five criteria, namely

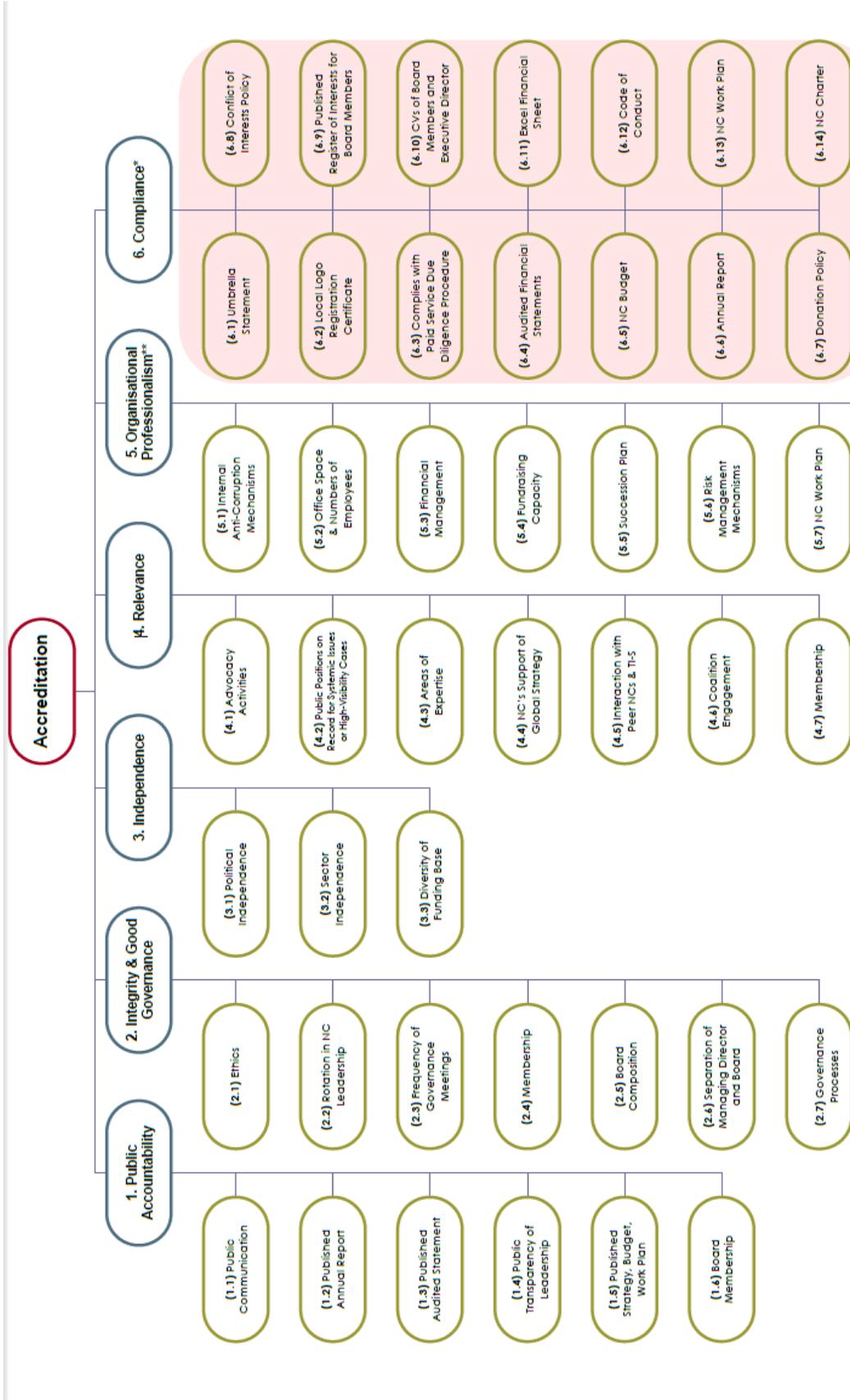
- (i) Public accountability
- (ii) Integrity and good governance
- (iii) Independence
- (iv) Relevance
- (v) Organisational capacity
- (vi) Compliance with internal and financial reporting requirements.

A visual overview of the indicators used to inform the criteria is included on the next page albeit not exhaustive. For example, questions of gender and diversity at Chapter Board and, where applicable, membership level are very specifically reviewed, informing the *Integrity and Good Governance* criteria. Feedback and complaint mechanisms are also reviewed under that criteria and increasing weight is being given to that particular aspect which will be translated into the next update of our accreditation review tools. The full list of parameters taken into account in the context of a TI accreditation review, including in regard to accountability, can be found in the form of the Self Evaluation Form to be filled out by National form and posted at

[http://www.transparency.org/files/content/ouraccountability/TI\\_NationalChapter\\_SelfEvaluationForm.pdf](http://www.transparency.org/files/content/ouraccountability/TI_NationalChapter_SelfEvaluationForm.pdf) .

In instances where a chapter's performance continually falls short of the standards, the chapter may voluntarily withdraw or face dis-accreditation or suspension from the movement. As a matter of fact, one to two disaccreditations take place per year on average following a Board decision. In 2014, no disaccreditation took place but one National Chapter decided to withdraw from the Movement, unsatisfied with the requirements expected to be upheld by them following the accreditation review.

Individual Members are appointed in order to allow the movement to incorporate individuals of recognised integrity and diverse backgrounds whose dedication to and experience in anti-corruption work can aid the promotion and fulfilment of the movement's goals. Candidacies for individual membership, as well as renewals of this status, are reviewed by the Membership Accreditation Committee and confirmed by the Board of Directors. Individual members may face removal, expulsion or suspension if their conduct does not align with the movement's standards or somehow prejudices the reputation of the movement.



# Performance Indicators

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## Indicator 1. (NGO1) Involvement of affected stakeholder groups to inform the design, implementation, monitoring and evaluation of policies and programmes.

Our involving of affected stakeholder groups varies both in approach and depth from project to project, while we seek to apply participatory and accountable design, implementation, monitoring and evaluation practices throughout our work. Beyond our engagement with institutions in our international advocacy, our interactions with people as affected stakeholders chiefly takes place in the context of projects and programmes where TI-S is working with National Chapters.

An instance where TI-S is associated with work that imply a strong involvement of the victims of corruption is that of our Advocacy and Legal Advice Centres (ALACs). Our most relevant people engagement mechanism, ALACs provide free and confidential legal advice to witnesses and victims of corruption. Offering a simple, credible and viable mechanism for citizens to pursue their corruption-related complaints, ALACs empower citizens in the fight against corruption and play a critical role identifying corruption hotspots that demand reform or official action. Harnessing the powerful, real life data gathered by ALACs on the consequences and mechanisms of corruption, chapters engage in strategic advocacy to bring about systemic change in public policy and practice.

This aspect of TI's people engagement work continued to grow in 2014: with 61 chapters running systems to receive and solve complaints from victims and witnesses of corruption. This has been supported by TI-S through knowledge-sharing, designing new tools, fostering learning, fundraising support, the development of a manual to manage cases of corruption and the maintenance of a global database of cases, enhancing effectiveness, sustainability and responsiveness to citizens' demands. The overall number of people supported also grew substantially, with more than 21,300 initial contacts (25% increase from 2013) and almost 4,500 cases opened by our chapters (83% increase from 2013). However, the sustainability of these initiatives remains a challenge for many chapters, which has so far prevented a massive geographical expansion of these services in the movement.

Below are two examples of how work with victims and witnesses of corruption has informed our advocacy for successful reform:

- The Department of Lands in Papua New Guinea launched an official complaints desk, with TI PNG's support. The chapter had been advocating for this due to the high volume of complaints related to land collected by the chapter. TI PNG will continue to monitor the effectiveness of the complaints service offered by the Department of Lands.
- Two new systems were introduced in Pakistan to improve transparency, based on complaints and cases received by TI Pakistan. Firstly, the Police of Khyber Pakhtunkhwa launched an online 'First Information Report' registration tool; and secondly, the Punjab Government created a computerised registration tool for land records.

Importantly, this area of work is not anymore seen as a project, as it was a few years ago, but rather as an approach and an essential function of TI chapters. There is a growing trend of chapters mainstreaming the support to victims and witnesses of corruption in their operations.

In follow-up to a question from the Review Panel last year, the accreditation contract between TI-S and National Chapters require that their policies be *not inconsistent* with TI Policies. The double-negative, whereby 100% consistency is not required, illustrates the diversity of the Movement and high level of independence of its parts, based on shared values and a common goal. Where joint advocacy takes place, for example towards the G20 or the UN Convention Against Corruption (UNCAC) Conference of States Parties, TI-S plays a facilitating role among a steering group of Chapters concerned in the development of common unified messages and coordinates communication and clear division of labor among Chapters involved and TI-S. In other activities, the division of labor and areas of responsibility are naturally attributed by the fact that each National Chapter concentrates on its own country/ territory. With regards to strategy, the highly consultative process followed with our Movement to develop our global 2015 Strategy ensured that our strategy resonated coherently with those of our National Chapters. The accreditation review of a TI Chapter is an opportunity to record what activities of a Chapter over the past three years may have been aligned with the global strategy.

## Indicator 2. (NGO2) Mechanisms for stakeholder feedback and complaints to programmes and policies in response to policy breaches.

Our website offers one page dedicated to ethics and complaints at TI, reachable in one click from our main page; <http://www.transparency.org/whoweare/accountability/ethics/3/> and outlining the rules and procedures in place concerning the Board, TI-S and TI Chapters as well as in connection with the TI-S Whistleblower Policy as adopted by our Board ([http://www.transparency.org/files/content/ourorganisation/2014\\_TI-SWhistleblowerPolicy.pdf](http://www.transparency.org/files/content/ourorganisation/2014_TI-SWhistleblowerPolicy.pdf))

Amongst others, the page outlines the mandate and contact details of the TI-S Ethics Advisor, both towards TI staff and external stakeholders. In 2014, the TI-S Ethics Advisor recorded 30 complaints and requests for advice from within the secretariat, all related to issues of conflict of interest management, recruitment or grievances. These were reported and discussed at regular intervals by the Ethics Advisor and the Board Ethics Committee enabling learning and adjustments of policy.

During the same period, there were two instances where TI-S was approached by external stakeholders, each raising allegations against one (distinct) National Chapter. These individual were advised about the procedures to follow but refused, in different ways, to engage with the outlined process. In one instance, the matter was taken up by a further party contending that due diligence was not exercised in following up on the allegations. Extensive engagement took place with that party. The party eventually concluded that the allegations were unsubstantiated, whereby lessons were learnt to improve our complaints mechanisms.

We will be outlining in our next report steps initiated in 2015 to update TI-S Ethics infrastructure and complaints mechanisms, and how these relates to those of National Chapters.

Steps undertaken to relate stakeholder feedback to programmes are addressed under NGO3 below.

## Indicator 3. (NGO3) System for programme monitoring, evaluation and learning, (including measuring programme effectiveness and impact).

Monitoring, Evaluation and Learning serves to ensure that Transparency International-Secretariat's At Transparency International we are committed to working towards greater transparency, accountability and integrity, including in our own work. The purpose of Monitoring, Evaluation and Learning (MEL) at the secretariat is to ensure that results are demonstrated and learning is consolidated in order to improve organisational performance and anti-corruption impact. This also includes creating a supportive environment and the generation of evidence that enables more informed decision-making as well as increased accountability of the organisation.

In 2014 TI developed a movement-wide approach to monitoring impact. The approach aims to build a more robust body of evidence regarding what works in the fight against corruption, why and how it works. The IMA is designed to be broad and flexible enough to capture the different change processes that the TI movement and more broadly the anti-corruption community are contributing to and achieving. It is a twin-track approach that consists of a) the impact matrix: an analytical lens to be used in projects and initiatives to monitor their progress in achieving change; and b) in-depth impact assessments that zoom in on relevant correlations identified through the monitoring. The approach is expected to

- inform programme-level decisions and improve programme design and implementation



- improve the allocation of resources, diverting funding from ineffective to effective interventions
- inform and build knowledge in the wider anti-corruption community regarding what works and what does not work in the fight against corruption

This approach is highly participatory – it requires and actively promotes the involvement of both internal and external stakeholders and constituents. In 2014 this approach was piloted in our chapters in Kenya, Sri Lanka and the Maldives and helped bring together different sets of stakeholders reflect on the impact of our work. This includes discussions on unintended and/or negative consequences too.

The work of the Transparency International secretariat is guided by a five-year Implementation Plan which outlines our contribution to realising [Strategy 2015](#). The Implementation Plan provides a direction for the secretariat’s priorities, resource allocation and management decisions, as well as a framework against which the secretariat can be held accountable by the movement and external stakeholders. The five year plan also guides the development of the secretariat’s annual implementation plans. In 2013 TI-S introduced a quarterly review system which allows us to mainstream data collection in all departments and systematically assess the progress made against our annual implementation plan. In 2014, these reports continued to be mainstreamed in the organisation and allowed a sound assessment of the performance of the secretariat, provided the basis to inform accountability reports and informed learning and decision-making. The TI Secretariat compiles annual Implementation Reports to inform our partners and stakeholders of the work done in the previous year.

Besides the ongoing monitoring of whether our work is on track, Transparency International regularly conducts learning reviews and [independent evaluations](#) to assess the effectiveness of our projects and programmes and to improve our learning and internal accountability processes. For example, in 2014, TI conducted a Mid-Term Review (MTR) of its 5-year implementation plan. This organisational review was designed to be participatory and feedback-oriented: it in-depth interviewed over 30% of staff and a considerable number of external stakeholders.

The TI secretariat has several processes in place to monitor, evaluate and learn from results achieved in partnership with the chapters. Mechanisms to share and discuss experiences and promote learning between TI-S and the TI Movement are built into programmes and projects. For instance these include regular field visits and phone calls, regional meetings, monitoring reports and mixed working groups. The secretariat also provided support to 4 chapters in developing their organisational MEL systems: Guatemala, Palestine, Sri Lanka, and Vietnam. Further, in 2014 we continued to offer training on topics such as “monitoring and evaluation” and “theory of change” to staff. Finally, a Value for Money concept paper was finalised in 2014 and the framework for organisational Performance Indicators was conceptualised and signed off by the Management Group.

TI is moving towards being a learning organisation. Learning is about what the organisation needs to change, readjust, and adopt in order to improve and in what the organization should continue building on. Our monitoring, evaluation and learning (MEL) system is set up to help us produce findings that can inform strategic decisions and improve programme design and implementation, improve allocation of resources by diverting funding from ineffective to effective interventions and ultimately to build knowledge in the wider anti-corruption community regarding what works and what does not work in the fight against corruption.

#### Indicator 4. (NGO4) Measures to integrate gender and diversity into programme design and implementation, and the monitoring, evaluation, and learning cycle.

Both at the internal and programmatic levels, there have been increased efforts to integrate gender issues in a number of initiatives and processes. At chapters' level there is a varied landscape which does include some chapters being quite active on these issues.

At the Secretariat, the Gender Task Force has since 2010 worked on many fronts, one of them being the gender focal points function at the TI secretariat. Its main goal is to collect information regarding what is happening in the chapters and support any proposals from the Secretariat that will have a gender focus. However, the large number of existing chapters makes it virtually impossible to expand the system to the whole movement. As reported last year, in early 2014 The Gender and Diversity Policy was approved and communicated to Transparency International Secretariat's staff. It is now posted on our website <http://www.transparency.org/whoweare/work/> It covers diversity factors such as disabilities, ethnic minorities, age or religion as per the following definition in the policy itself: *Diversity refers to the acceptance and inclusion of different types of people in a group or organisation. Individual differences can be related to race, ethnicity, age, sex, sexual orientation, socio-economic status, physical abilities, religious beliefs and other aspects of someone's identity.* As outlined there, numerous measures are taken in practice to implement the policy from Process and procedures (grievance mechanisms, code of conduct, recruitment, induction etc.), to Review, through Communication and Awareness-raising (including training), and Monitoring. Parity at salary level is still being pursued (see LA13 below) and the gender balance at senior positions in the organisation is not sufficiently even yet. More analysis needs to be done to examine whether there are discrepancies around retention, contract renewal, promotions, etc.

In November 2014 TI-S held two different training events, namely a 1-day course on gender mainstreaming into current and future programmatic work and a short general training course of half a day on gender sensitisation for new staff or staff new to the topic. This helped promote gender and diversity goals and increase awareness and understanding of how to address gender inequality and diversity issues (in accordance with TI objectives). With regards to our reporting to donors, institutional donors acknowledge progress made on mainstreaming gender in TI's work but encourage TI to continue to ensure Gender is sufficiently mainstreamed in our programming, operations and policies.

All regional departments at the secretariat are supporting work on gender and quite a few of the national chapters pro-actively work with women. In 2014 in the Middle East and North Africa region for example an initiative was launched to create opportunities for women to play a role in the fight against corruption. Across six countries, chapters and partners began targeting women in their outreach work for the first time in the region. National networks of women leaders from the private, public and academic sectors have now been established in all six project countries and a number of workshops have been held to bring together those interested in playing a role in anti-corruption efforts in their sectors. In these workshops the women discussed their corruption experiences and drafted recommendations for how to address systemic issues that enable corruption to occur. By October 2014 over 450 women leaders had attended these workshops. Thus far this initiative proved particularly useful for Chapters and partners in the region to develop networks and partnerships with other organisations and agencies. The initiative has already succeeded in changing behaviours in Tunisia. TI's national chapter there, I WATCH, initially struggled to convince women to participate and open up about their personal experiences. However after the first introductory workshop five women came forward to share their stories in front of the camera, giving their permission for their experiences to be disseminated to encourage other women to come forward and take action.

Several products and tools were produced to tackle gender inequity, mainly in sub-Saharan Africa. A good example is the Gender and Corruption in Niger and Zimbabwe report which was prepared in cooperation with Columbia University students. This research project looks into making corruption reporting more attractive to women. Through separate work land mappings were carried out in eight countries, identifying legal loopholes, typical forms of corruption in the land sector, and challenges faced by smallholders and customary landowners.

Meanwhile TI Guatemala carried out a study to assess if women have equal access to public information as men and if and how their comparative level of access influences their economic

development. This is a consultancy with the Carter Center. The chapter is planning to work with the *Secretaría Presidencial de la Mujer, Defensoría de la Mujer Indígena, Procurador de los Derechos Humanos* (the Presidential Secretariat for Women, the Advocate for Indigenous Women, and the Public Attorney for Human Rights) to develop and implement public policies for the better economic development of women.

For International Women's Day, through a special website feature, blog posts and social media, we successfully showcased how corruption affects women and the achievements women have had against corruption, including several interviews with female chapter staff from all regions. The content proved highly popular and one social media graphic received around 10,000 likes and 800 shares on Facebook, making it one of our most popular posts:

<http://blog.transparency.org/tag/womenagainstcorruption/>

## NGO5 Processes to formulate, communicate, implement, and change advocacy positions and public awareness campaigns.

In 2014, the following documents continued to guide consultation and approval for **policy positions** and **working papers** (see [www.transparency.org/content/download/36280/570188](http://www.transparency.org/content/download/36280/570188) and [www.transparency.org/content/download/36279/570184/file/Appendix A Working Paper Guidelines 21-2-07.pdf](http://www.transparency.org/content/download/36279/570184/file/Appendix_A_Working_Paper_Guidelines_21-2-07.pdf))

Last year, we had provided the example of how our Global Corruption Report (GCR) was the product of a significant outreach exercise to experts who can act as a resource in ensuing advocacy work building up on the Report's findings. The role of our Annual Membership Meeting in approving advocacy positions brought forward by members was also explained. In 2014, our Annual Membership Meeting adopted resolutions on (i) *reviewing TI's approaches to public statements about the activities of bribe-paying multinational companies*, (ii) *Restoring trust in FIFA*, and (iii) *Protect civil society space NOW*

In 2014, the *Rapid Response Unit* continued to meet weekly to scale up our responsiveness to emerging issues related anti-corruption, and to formulate and communicate TI-S advocacy positions and campaigns with enhanced effectiveness and rapidity. The Unit also asserted its crucial importance in swiftly formulating advocacy that support physical safety of our staff, members and allies.

Finally, in follow-up to a question from the panel on our last report, TI-S keeps to the following routines to assess the impact of its major advocacy and public awareness campaigns and to feed such assessment into any revision of our advocacy strategy:

- Audience reach: we look at the number of people who are receiving our key messages on particular anti-corruption issues
- Media coverage in quality publications: *Grade A* publications reach policy-making audiences
- Anecdotal evidence on the instances in which a key advocacy ask is reflected in official governmental or inter-governmental policy statements (communiqués, speeches, etc.)
- Measurement of the progression in policy change or adoption: from enhanced debate; to governments or companies stating publicly that they would adopt a TI-proposed reform; to those making tangible, time-bound and forward-looking commitments or joint commitments; to governments adopting legislation; to implementation of new laws.

This assessment is done quarterly, with a final end of year assessment. It then is used in discussion when setting the next year's goals and activities. Often it has triggered a re-think in strategy when there was little to report, indicating that priorities lie elsewhere for advocacy work.

## NGO6 Processes to take into account and coordinate with other actors.

As reported last year, TI engages in numerous coalitions through *de facto* arrangements, Memoranda of understanding, memberships, etc, to optimise and coordinate its actions with other relevant stakeholders. These relationships are kept track of in an internal database, the most significant of which are reported on our website (see Institutional Relationships under <http://www.transparency.org/whowere/accountability/governance/0>).

Feedback on last year's report noted that TI was "asked to provide some evidence / practice based examples that their systematic approach to partnership has helped leverage TI's very specific contribution in a field with numerous actors". Concrete examples of partnerships in 2014 include:

collaboration with Global Witness and ONE boosted our visibility and reach ahead of the G20 summit, and our work with the OECD has shed light on how well its convention against foreign bribery is enforced. Strategic engagement between TI and government partners continue to an important aspect of our work, for example through a joint side event on Corruption and the SDGs during the 2014 UN General Assembly at which the UK Prime Minister spoke. Meanwhile in October 2014 we started the development of our new strategy, covering 2016-2020, a process through which stakeholders and partners globally have been consulted and provided their ideas on how TI can make the biggest difference in stopping corruption. Partners involved in the consultation beyond TI's own movement included academia, governments, media and donors. Another example of partnerships are with existing regional survey networks which offer a sustainable long-term model for our Global Corruption Barometer, our flagship survey of citizens' experience and views of corruption.

Last year's feedback also noted that "The Panel also encourages Transparency International to describe concrete criteria for partnering and how they ensure that their partners meet high standards of accountability and do not engage in illegal / unethical practices". Work on this started in 2014 and in 2015 (outside the reporting period) our "Code of ethical advocacy" was developed (see [http://www.transparency.org/whoweare/accountability/commitment\\_to\\_ethical\\_advocacy/3/](http://www.transparency.org/whoweare/accountability/commitment_to_ethical_advocacy/3/)). While this code primarily applies to TI-S, the code notes that "We will disseminate this code and encourage the adoption of the above mentioned standards within the TI Movement and also encourage their adoption by the advocacy coalitions and networks to which we belong".

## NGO7 Resource allocation, tracking and control.

Our Resource allocation in 2014 is outlined below, as compared with previous years

EXPENDITURE	2014	2013	2012
<b>Organisational Development Unit and Strategy 2015 Implementation</b>		-	63
<b>Governance and Special Initiatives</b>	3,666	4,847	3,832
<b>External Relations and Partnerships*</b>	2,127	2,215	3,009
<b>Advocacy and Research**</b>	1,981	2,553	2,700
Sub-Saharan Africa***	1,749	2,506	2,474
Middle East and North Africa***	3,497	3,103	1,990
Americas	1,045	1,431	1,229
Asia & Pacific	5,236	2,708	1,822
Europe and Central Asia	3,103	2,995	2,712
Programmes	3,655	3,807	2,513
Network Services and Support	676	629	331
<b>Chapters and Programmes</b>	18,961	16,550	13,071
<b>Other (incl. FX Gains &amp; Losses)</b>	-21	128	65
<b>Total Expenditure</b>	<b>26,714</b>	<b>26,293</b>	<b>22,740</b>

Titles in previous reports due to reorganisation at TI-S:

\*Advocacy, External Relations and Fundraising

\*\* Research and Knowledge

\*\*\* used to be one Regional Department: Africa and Middle East

See Annex 3 IFRS Statements:

[http://www.transparency.org/files/content/ouraccountability/TIS\\_2014AuditedFinancials.pdf](http://www.transparency.org/files/content/ouraccountability/TIS_2014AuditedFinancials.pdf)

As an International Secretariat, TI-S conducts most of its activities through its staff while in Berlin or on travel. TI-S financial resources are administered following internal policies, in particular on Procurement, Travel, Personnel costs.

Our Clearance Procedures for the Submission of External Funding Proposals routinely verifies at top management level the consistency of the project with TI's strategic direction, costing practice, available resources as well as compliance with TI-S principles including our Donations Policy ([http://www.transparency.org/files/content/ouraccountability/Transparency\\_International\\_Donations\\_Policy.pdf](http://www.transparency.org/files/content/ouraccountability/Transparency_International_Donations_Policy.pdf))

Our salary ranges are published on our website, the current ones can be found at [http://www.transparency.org/files/content/work/TIS\\_SalaryStructure\\_Jan2014.pdf](http://www.transparency.org/files/content/work/TIS_SalaryStructure_Jan2014.pdf)

In 2014, the TI-S financial team comprised of 16 staff members of which 2 were part time. Since 2008, TI-S's financial accounts are prepared following International Financial Reporting Standards, (IFRS) thereby providing explicit and detailed information on the use of our resources. Individual projects are subject to project audits, as per the requirements of the relevant donors. External evaluations of our programmes are posted at:

<http://www.transparency.org/whoweare/accountability/evaluations>

Additionally, the Board-approved yearly budget is mapped to key strategic priorities at the activity level. During the year, regular updates on performance against this budget are provided to management.

Accurate tracking of the use of resource ensured by the usage of cost-centers linked to the budget. Expenditure of resources allocated to each cost-center depends on a formalised authorization process that includes adequate segregation of duties.

Cash and in-kind contributions are minor sources of funding for TI-S; however, related transactions are duly tracked in the system. Cash contributions are generally pooled with unrestricted funds and their utilisation is monitored as such. Contributions in-kind are fair-valued at year-end and separately disclosed in note 3 f) of the financial statements. The IFRS format of our financial statements requires the external auditor to conclude on the effectiveness of the entity's internal control system. The auditors' unqualified opinions on TI financial statements can be found under the website link posted above. Additionally, more detailed assurance is obtained on project-specific reports for Donors which are subject to external audit procedures, compliant to Donor requirements.

Internally, a comprehensive TI-S Financial Manual was approved at Board level, establishing internal controls consistent with the sector best practice.

Moreover, TI-S's organizational structure ensures clear segregation of duties and reporting lines, which is particularly relevant between project managers and project accountants.

NGO8 Sources of funding by category e.g. government, corporate, foundation, membership fees, in-kind donations and other.

See p35, IFRS Statements:

[http://www.transparency.org/files/content/ouraccountability/TIS\\_2014AuditedFinancials.pdf](http://www.transparency.org/files/content/ouraccountability/TIS_2014AuditedFinancials.pdf)

<b>INCOME</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
Government	23,995	24,781	18,815
Other Development Organisations	641	453	1,494
Foundations	1,135	966	1,443
Corporate Donors	585	278	566
Individuals	352	331	25
<b>Donor income</b>	<b>26,708</b>	<b>26,809</b>	<b>22,343</b>
<b>Other income</b>	<b>199</b>	<b>226</b>	<b>427</b>
<b>Total income</b>	<b>26,907</b>	<b>27,035</b>	<b>22,770</b>

Note: Expenditure is recognised in the Statement of Comprehensive Income when there is evidence of costs incurred.

The 5 largest donors in 2014 were as below.

	EUR
UK (DFID and FCO)	4,935,011
Australia (DFAT)	4,332,245
Sida	3,985,050
Germany (BMZ, BMUB, Foreign Office)	2,991,360
European Commission	1,387,022

In view of our last report, the Review Panel asked to be kept up to date on our efforts to diversify income. In 2014 we made some progress with foundations income by appointing a dedicated fundraiser to this file. While some results of this investment already became visible in 2014 more results are expected in 2015 and beyond. Meanwhile it is also worth noting that while the UK remains our biggest donor, and is expected to remain our biggest donor in 2015 and 2016 at least, we have made make significant progress in increasing the support from some other governments, notably Germany and Sweden.

With regards to maintaining our independence and reputation, and as reported last year, TI's Donations Policy is clear in that we accept funding from any donor provided that acceptance does not impair our independence or endanger our integrity or reputation. We maintain our independence from donors as follows: for any submitted proposals and negotiated partnerships, these are systematically grounded in our TI Strategy 2015 and particularly in the TI-S 2015 Implementation Plan and Annual Plans. In other words, when we negotiate partnerships with donors, we do so based on our identified needs and priorities. If donors were seeking to entice TI-S in a direction which is not in line with our priorities, we would not accept such funding. In addition, whenever TI-S colleagues submit proposals to donors, they need to be signed off by a range of colleagues, including at top management level, ensuring the proposals are indeed in line with our priorities. Finally, and an area where we made further progress in 2014, contracts with donors need to be cleared by our legal counsel, our finance department and our resource development department. Where particular demands around visibility are made by the donors our communications department are also involved in the contract negotiations.

# Environmental Management

EN16 Report the total of direct and indirect greenhouse gas emissions by weight at the organisational level.

The nature of our work, advocacy, does not imply direct emissions resulting from within the organisations, such as vehicles, manufacturing and on-site fuel combustion. Our carbon emission tracking focuses on indirect emissions of CO<sub>2</sub> via our office energy use (electricity and gas) and our business travel (flight, train and taxi) purchased and used by the organisation.

	2014		2013		2012	
	CO <sub>2</sub> in metric tons		CO <sub>2</sub> in metric tons		CO <sub>2</sub> in metric tons	
Staff and Board Flight (km)	5.455.899	1.746	6.458.855	2.067	6.776.445	2.168,5
Staff and Board Train (km)	30.730	1,7	48.305	2,7	34.945	2,0
Staff and Board Taxi (km)	29.247	4,9	32.630	5,6	32.101	5,4
<b>Total direct emissions (staff and Board only):</b>		<b>1.753</b>		<b>2.075</b>		<b>2.176</b>
Total number flights paid by TI-S	1659		1179		927	
Of which TI-S staff or Board flights	(38%)		(64%)		(67%)	
<b>Total direct emissions for staff, Board, consultants and volunteers:</b>		<b>4.619</b>		<b>3.258</b>		<b>3.260</b>
Office Electricity (kWh)	153.764	0	145.228	62,01	140.212	59,87
Office heating (kWh-e)	137.131	58,55	181.409	77,46	127.795	54,59
<b>Total indirect emissions</b>		<b>58,55</b>		<b>139,47</b>		<b>114,46</b>
<b>Total approx. sum</b>		<b>4678</b>		<b>3.397</b>		<b>3.374</b>

Air travel

km per person travel x 0.32 kg CO<sub>2</sub>(e) = kg CO<sub>2</sub>

(source: <http://www.prima-klima-weltweit.de/co2/kompens-berechnen.php> )

### Train

km per person x 0.056 kg CO<sub>2</sub> = kg CO<sub>2</sub>

(source: <http://www.prima-klima-weltweit.de/co2/kompens-berechnen.php> )

### Taxi

km per person x 0.169 kg CO<sub>2</sub> = kg CO<sub>2</sub>

(source: [www.auto-motor-und-sport.de/mercedes-e-220-cdi-17267.html](http://www.auto-motor-und-sport.de/mercedes-e-220-cdi-17267.html))

To support the estimation of our carbon emissions in relation to business travel for TI-S staff and TI Board members, every individual must enter the approximate distance of their trip (flight, train and taxi) into our travel system before gaining approval for travel. The figures are then aggregated and we calculate the total direct emissions from travel for TI-S staff and Board only:

As outlined above, we also bear responsibility for travel paid by us beyond the above two category of travellers (TI-S staff and Board), but we are not able to capture the details of those travels. We therefore use the carbon footprint per travel calculated for staff and Board flights to estimate the carbon footprint of those other travellers.

Finally our electricity is certified 100% renewable and carbon-neutral, thereby resulting in a recorded neutral footprint in that respect in 2014:

[http://www.vattenfall.de/ma-vf\\_de-](http://www.vattenfall.de/ma-vf_de-)

[apis\\_component/live/component/ProductInfoList.action?evtDownload=&id=40002&cityName=Hamburg&zipCode=22765&category1=DOKUMENT&category2=SONSTIGES](http://www.vattenfall.de/ma-vf_de-apis_component/live/component/ProductInfoList.action?evtDownload=&id=40002&cityName=Hamburg&zipCode=22765&category1=DOKUMENT&category2=SONSTIGES)

## EN18 Initiatives to reduce greenhouse gas emissions at the organisational level and reductions achieved.

While the principle to limit our environmental impact is integrated into article 4.6. of our code of conduct, TI-S has been struggling to gain a new momentum in its efforts to reduce its greenhouse gas emissions.

Our overall staff numbers has remained relatively constant between 2013 and 2014 and our office space sensibly increased, one can observe for the reporting period:

- a reduction of our heating costs by nearly 25%- a consequence of a milder winter,
- some increase of our electricity consumption- 2% increase even after adjusted for irregular billing of the electricity company which covered 357 days in 2013 vs. 371 days in 2014.
- Emission for TI-S staff and Board travel decreased by 15%, while the location of Annual Membership Meeting - which usually plays a significant factor in our travel emissions- was Berlin both in 2014 and 2013.
- A dramatic surge by 142% of emissions caused by consultants and volunteer travels.

This resulted of an increase of our overall emissions by more than one third, clearly as a consequence of our increased project activities with our National Chapters 2014, further underlining the imperative for TI-S to develop and implement a well-informed Policy, smart routines and adequate capacity to reverse that trend. We have drawn from experience and contacts among our staff to design terms of reference and a process toward the development of an Environmental Policy including the mobilising of professional advice. The process is ongoing with the target to have an operational policy by mid-2016

## EN26 Initiatives to mitigate environmental impacts of activities and services

As an advocacy NGO, TI-S' environmental impact is mostly caused by our flying, which has unfortunately been at the heart of our work as an International Secretariat of a global network.

Our mitigation efforts so far:

- Waste separation,
- use of automated light switches,

- contracting of 100% renewable electricity
- use of recycled paper,
- minimising of paper use at our Annual Membership Meeting by offering e-folders option to interested delegates and including less documents in the welcome folders of non-member attendants.

are important but can only have a minimal effect over the environmental impact of our flying. While the greatest success indicator of the outstanding Environmental Policy will indeed be reflected in the development of our flight emissions, it will also need to take a holistic approach to our environmental impact.

# Human Resources Management

LA1 Size and composition of total workforce: number of employees (part and full-time) broken down by geographical region and responsibility levels and number of volunteers where possible.

As of 31 December 2014, the composition of our staff was as follows:

Staff	164	Full time	153	Unlimited contract	105
Interns	10	Part time	21	Limited contract	69
	174				

Pay Grade	Asia Pacific	North America	Eastern Europe+FSU	Western Europe	Africa & ME	Latin America & Caribbean	Total
1	0	0	1	6	1	0	8
2	3	2	4	18	2	3	32
3	5	3	8	40	11	2	69
4	2	7	1	22	0	0	32
5	1	1	0	7	2	2	13
6	0	1	1	3	0	0	5
MD	0	0	0	0	1	0	1
temp	0	0	1	2	1	0	4
<b>Total</b>	<b>11</b>	<b>14</b>	<b>16</b>	<b>98</b>	<b>18</b>	<b>7</b>	<b>164</b>

The principle of non-discrimination and equal treatment of every staff member, irrespective of gender or physical ability, and our commitment to promote diversity, both in the culture of the organisation and in its management processes are anchored in our Gender and Diversity policy. It also takes into consideration the interaction between gender and disability. German regulations require that 5-6% of employees be people living with disability (PLWD). Any shortfall in this number requires organisations to contribute to a fund to support PLWD. At the same time and beyond legal compliance, disability-oriented benefits and measures have been deployed to assist employees with disabilities, but awareness of these approaches and rights remains low among colleagues and we are seeking to do more promote the flexibility and positivity that TI-S can offer to colleagues.

## EC7 Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.

TI National Chapters are independent and locally rooted. The choice of leadership made at National Chapter level is therefore fully outside of our control. On the ground all of our 116 Chapters are staffed and led by nationals of their respective countries, with very few isolated exceptions.

At TI-S, as an international Secretariat that seeks to be representative of a global movement, it is imperative for us to have a highly international and diverse staff. As such, ensuring diversity (rather than local hiring) remains an important consideration in our hiring procedures as specified in the TI-S Recruitment Policy:

### *Diversity*

*To proactively aim to achieve a broad, balanced and diverse representation of staff that reflects the breadth of the TI-Movement.*

This is also in line with TI Guiding Principle #10:

*10. In our operations and recruitment policies, we will strive to create equal opportunities for all, and achieve balanced and diverse representation with respect to gender and region, as the diversity of the movement we serve requires.*

In practice, such diversity is achieved through the use of recruitment channels catering to an international target audience. TI-S is currently composed of staff of over 40 nationalities.

## LA10 Workforce training to support organisational development.

In 2014 TI-S staff received on average **20.5 hours** (i.e. 2.6 days) of training, based on an average of 179 staff members. This is lower average than the 2013 average but better than in 2012 and also exceeds the target of 2-day-per-staff target average laid out in our annual plan for 2014.

Estimated total cost for trainings activities in 2014 amount approximately to € 66,000 (including catering, expenses, materials and location costs, if applicable). This includes around € 5,000 for Ethics Training, € 6,000 for Gender Trainings and € 965 for German Class allowances.

As per past practice, learning needs have continued to be mainly informed by:

- The Personal Development Objectives from each staff member
- Surveys conducted at Group Level
- Training priorities identified at managerial retreats
- Individual discussions with staff/line manager
- Feedback tools & surveys (Line Management Survey, Employee Engagement Survey, IT survey etc.)
- Close cooperation with Group Executive Officers, the Ethics Advisor and the Gender Task Force Leads.

A 2-day TI Induction Programme which was piloted at the end of 2012 in close collaboration between the HR, Organisational development and the Research and Knowledge teams was sustained throughout 2014 and underwent continuous small improvements based on participants and facilitators feedback. 93% of all new starters in 2014 attended the induction days, the remaining new colleagues having joined very late in the year and scheduled to attend the first sessions in 2015.

Trainings drawing from external experts covered: Intercultural awareness, Ethics, Communication skills, Facilitation skills, Twitter, Public-speaking, Gender-sensitisation, Gender-mainstreaming in programmes, Theory of change, Advocacy skills.

Topics covered by in-house trainings (using expert staff) were as follows in 2014: Accreditation, Travel Costs software, Introduction to logical frameworks and proposal writing, Financial Manual, Health & Safety, Wellbeing (Stress management; Effective Breaks), Legal Trainings (Contracts), IT (basic & advanced: Adobe Connect; SharePoint; Google; Microsoft Word, Outlook, PowerPoint, Excel, Prezi, Lync), Social Media, and Twitter specifically.

Line-management training sessions consisted in Ethics for Managers, Dealing with difficult situations, Labour law, Healthy leadership.

The professional development of staff was also in 2014 supported in the case of 15 colleagues through attendance to individual training courses or conferences. The main areas covered were: Financial Accounting, IT, Human Resources, Campaigning and Project Management. In addition 5 staff (Director level) piloted individual coaching. The coaching was done virtually and/or face-to-face. Feedback received on the coaching itself and also the different coaches was very good.

Furthermore, TI-S staff completed 82 e-learning courses in total. This includes 10 staff members who conducted an online course including an exam which gave them the official certification for PRINCE2 Foundational Level.

## LA12 Performance reviews and career development plans.

Also in 2014, all employees received regular performance and development reviews, at least twice a year. This allows to capture, monitor and evaluate needs for professional and personal development and a framework that supports respected leadership.

The performance review cycle consists of three stages:

### 1. Setting Objectives (February)

The Objectives document is a living tool to guide and improve everyday performance and job satisfaction. They are negotiated between employee and manager in a shared process and are based on the Standard Job Descriptions. This process establishes mutually agreed objectives that reflect organisational purpose alongside individual needs and aspirations. Objectives bring clarity and greater effectiveness to everyday roles/responsibilities of the employee.

In order to align the individual objectives based on the respective jobs duties as outlined in the standard job descriptions additional focus on how the objectives are contributing to the strategic goals and priorities of the organisation is included in the objective setting template and evaluated as part of the mid and end year reviews.

### 2. Mid-year Review (June/ July)

The mid-year review is based on the feedback and is followed by a formal 1:1 Review and Planning Meeting between staff and line managers/directors. During bilateral (1:1) Review & Planning Meeting (1.5 hours), staff and line managers discuss feedback to the line manager as well as objectives for the following year.

### 3. End of year review (December/ January)

A main purpose of the meeting is enhancing the communication between staff and line managers/directors and improving the teamwork. When discussing past performance this should be done with a view to how this can be improved in the future. Management and HR are prepared to support people with their work flow (load & priorities) and their learning and development.

In 2014 the Employee Engagement Survey (EES) 2013, the 360° Feedback exercise and the Line Management (LIMA) Survey 2014 were carried out successfully. A follow up exercise on the 360° Feedback for Line Managers conducted at the end of 2013 was done to identify strengths and weaknesses for the next cycle and inform training needs.

Feedback received on last year's report asked for evidence that our talent management is working well in practice. Our evolving operational structure alongside our priorities have not enabled us to provide adequate focus on longer-term talent need assessment or career planning. The relatively small size of TI-S further limits the ability to offer 'vertical' growth to many staff members and growing interest is being given to developing the ability to offer 'lateral' development to staff.

## LA13 Diversity in your organisation displayed in the composition of governance bodies and employees.

TI-S Staff - Gender Breakdown per pay grade is as follows

Pay Grade	Female	Average Salary F	Male	Average Salary M
1	5	2.419	2	2.891
2	28	3.079	4	3032
3	40	3.719	30	3.900
4	17	5.184	15	5.155
5	5	7.895	8	7.811
6	2	*	3	10.760
MD**	0	*	1	N/A
Temp***	2	*	2	N/A

Salaries in EUR \*amounts not disclosed so as to protect confidentiality \*\*Managing Director \*\*\*Temporary staff

TI-S Staff: Age Breakdown:

Pay Grade	18-24	25-29	30-44	45-64	65+
1	0	4	3	0	0
2	2	12	13	5	0
3	0	9	51	9	0
4	0	0	17	15	0
5	0	0	4	10	0
6	0	0	0	5	0
MD	0	0	0	1	0
Temp	0	2	2	0	0

As indicated above, our salary scales can be found at

[http://www.transparency.org/files/content/work/TIS\\_SalaryStructure\\_Jan2014.pdf](http://www.transparency.org/files/content/work/TIS_SalaryStructure_Jan2014.pdf)

As per the TI-S Code of Conduct

([http://www.transparency.org/files/content/ouraccountability/TIS\\_CodeOfConduct\\_3\\_8\\_2011.pdf](http://www.transparency.org/files/content/ouraccountability/TIS_CodeOfConduct_3_8_2011.pdf))

Appointments to all positions are made on merit, regardless of gender; region; religion; disability; family status; sexual orientation, etc. While the final version of the TI-S Gender & Diversity Policy was implemented in January 2014, the above still shows a highly unsatisfactory and strong gender imbalance with regard to salaries. A process of standardising salaries within pay grades was pursued in 2014, proving to be more complex than anticipated. Results are expected to be implemented in early 2016, based on qualification, years of experience and past performance appraisals, with a view to integrate competency assessment once an adequate way to do so has been identified. This process is fully gender-blind.

**TI Board of Directors representation in 2014:**



	Africa + Middle East	Americas	Asia Pacific	Europe + Central Asia
Female	0	2	1	1
Male	2	1	2	3

	25-44 y.o.	45-64 y.o.	65 y.o +.
Female	0	4	0
Male	1	5	1

While it is still not part of our policy to systematically collect data on the age of our Board members, we were able to compile the data above on an ad hoc basis.

It is important to note that, as per our Nomination Policy, the statutory call by the Chair of the Board to the Membership for nominations of Board candidates requests that due consideration be given by nominators to the representation of all the world regions in which TI works as well as the representation of women. The TI Board has been chaired by a woman, from 2005 to 2014. Since 2014, the TI Vice Chair is now a woman.

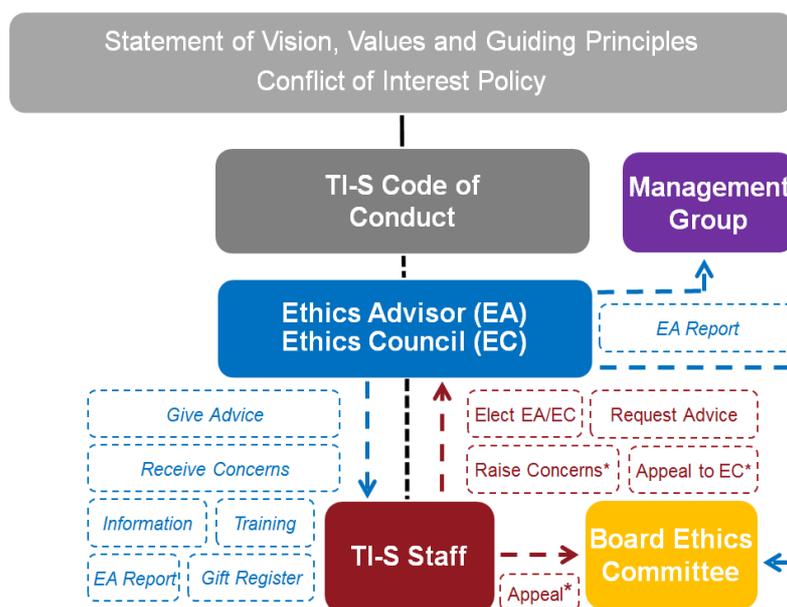
**NGO9 Mechanism for your workforce to raise grievances and get response.**

With one exception, the mechanism for TI-S workforce to raise grievances remains unchanged in 2014.

As we have outlined in our past report, the terms of reference of our Board Ethics Committee provides that staff members from TI Chapters or at TI-S, who feel aggrieved by a decision of the Managing Director of TI-S may bring a case to its attention. Advice in such cases is given to Managing Director, with copy to the TI-S staff member who submitted the request and the Chairperson of TI's Board of Directors. (ToRs are posted at: [http://www.transparency.org/whoweare/organisation/board\\_committees\\_and\\_task\\_forces/1/#Ethics](http://www.transparency.org/whoweare/organisation/board_committees_and_task_forces/1/#Ethics)). On the same website page, contact details are outlined to bring such cases to the attention of the Board Ethics Committee.

Furthermore, on the basis of the TI-S Code of Conduct, ([http://www.transparency.org/files/content/ouraccountability/TIS\\_CodeOfConduct\\_3\\_8\\_2011.pdf](http://www.transparency.org/files/content/ouraccountability/TIS_CodeOfConduct_3_8_2011.pdf)) the TI-S Ethics Advisor can assess complaints and give confidential advice on ethical questions to staff members and other stakeholders who request it. The contact details of the TI-S Ethics Advisor is advertised on the TI Website at <http://www.transparency.org/whoweare/accountability/ethics/2/>. In 2014, the case-log of the Ethics Advisors recorded 30 cases of complaints and requests for advice, tracking steps taken, advice provided and potential policy implications. The Ethics Advisor provides written and face-

to-face reports to the Board Ethics Committee upon physical meetings of the Board of Directors, i.e. in three instances in 2014, which then fed into Board discussions.



Additionally a TI-S Grievance Policy outlines scope and processes for complaints by staff, including an appeal mechanism. All formal grievances are filed with the Human Resources Department in a separate folder to ensure confidentiality.

Moreover, a Works Council continues to represent TI-S staff members towards the employer, based on the German Works Constitution Act, of which the following duties may be highlighted for the purpose of this report:

- 1- to ensure implementation of the laws, regulations, safety regulations, collective bargaining agreements and works agreements concluded for the benefits of the employees;
- 2- to request that the employer implement measures that serve the interest of the establishment and the staff;
  - a. to promote the genuine equality of women and men, especially with respect to hiring, employment, training, continuing and further education and promotion;
  - b. to promote the compatibility of family with employment.
- [...]
- 4- to promote the integration of the severely disabled and other persons requiring special protection;
- [...]
- 7- to promote the integration of foreign employees in the establishment...[ ]...as well as to petition measures to combat racism and xenophobia in the establishment;
- 8- to promote and secure employment in the establishment;
- 9- to promote industrial safety and operational environmental measures

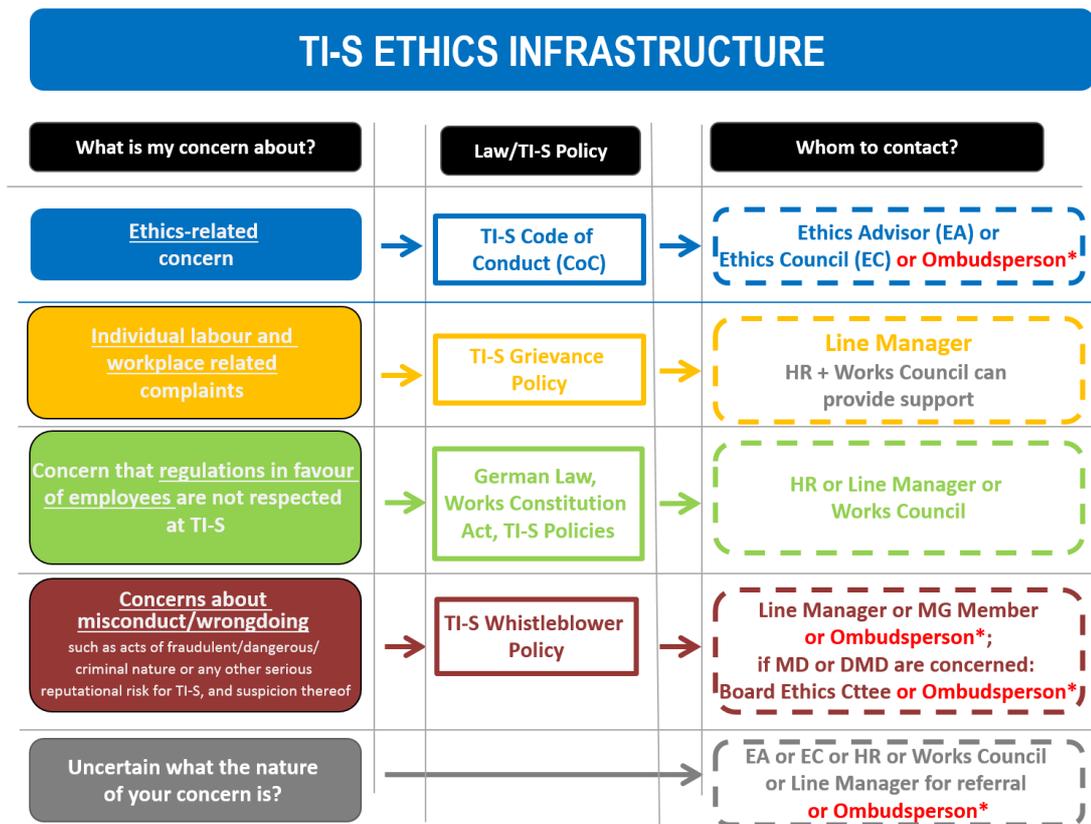
During the reporting period, the Works Council has convened weekly and met monthly plus on an ad hoc basis with TI-S higher Management and the Human Resources Department. The type of issues in which the Works council was involve were

- reviewing new hires, changes in contracts, transfers, promotions, new job descriptions.
- providing advice to staff members concerning performance reviews, line management, grievances and contracts.
- conducted a staff consultation on proposed restructuring
- advanced work on a standard system for determining staff compensation rates
- continued reviews of numerous internal policies, helping see several improvements implemented

- Systematic review of time limits on employment contracts
- Cooperating with and contributing to relevant HR-related bodies such as the Ethics Advisor, the Health and Safety Committee, the Interns Spokesperson, and initiatives including Gender Diversity Task Force and the Line Management Task Force.

In 2014, our Board of Directors approved the TI-S Whistleblower Protection Policy ([http://www.transparency.org/files/content/ourorganisation/2014\\_TI-SWhistleblowerPolicy.pdf](http://www.transparency.org/files/content/ourorganisation/2014_TI-SWhistleblowerPolicy.pdf)) encouraging staff members to step forward with concerns about potential acts of a *fraudulent, dangerous or criminal nature, incidences of corruption or any other serious reputational risk*, outlining when and how to proceed and providing protection indeed. That was further supported by the appointment in 2015 of an external independent Ombudsperson for the purpose of that policy.

A dedicated session about these various processes, when they apply and how they relate to each other, is part of the standard and systematic induction of new staff, supported by the following illustrative chart (as of 2015):



\* For acts of a fraudulent, dangerous or criminal nature, incidences of corruption or any other serious reputational risk

# Responsible Management of Impacts on Society

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## SO1 Impact of activities on the wider community.

Our key partners are TI national chapters, whose local reach and expertise have been essential to achieve collective impact. TI-S does not work directly with communities as a service provider. TI-S however supports the chapters through the design of anti-corruption tools, capacity development (including: planning, monitoring, evaluation and learning, fundraising, research, and communications and advocacy), facilitating intra-movement learning and coordination, supporting governance structures at all levels (from the international board to chapters), and protecting the brand and reputation of the movement and the safety of its members.

One example of how chapters mainstreaming support to victims and witnesses of corruption can have a positive impact on the wider community is the chapter in the Maldives. A lot of grievances came from migrant workers, and the chapter decided to reach out to them, advise them on their rights, and eventually advocate for new legislation on migrants' rights. Citizens' demand for support thus allows identifying specific issues where our work can have impact on people's lives, but also on policy and practice.

At that time, a photo story on migrant workers in the Maldives (developed by the chapter with TI-S support) was selected by the editorial panel of the platform *Exposure* as one of the week's top stories, and was viewed 5,887 times. The attention raised by such accounts helps chapters to speak out more effectively at the national level: the photo story prompted a national TV news service to invite the chapter to talk about their work as well as two print stories, allowing the chapter to increase public awareness of this issue.

At TI-S, the adoption by our Board of a TI-S Whistleblower Protection in 2014 indeed provided a new channel for unintended consequences of our work to be brought to light, with adequate mechanisms against reprisal. Our Child Protection Policy continued to be part of the induction to new staff, whereby TI-S employees share the common responsibility and commitment to the prevention and reporting of child abuse observed in connection with their work for TI, as described in our previous report.

In 2014 we piloted our new movement-wide approach to monitoring impact for anti-corruption work in a number of chapters and multi-country projects. The approach consists of two complementary elements: a matrix to support impact-oriented monitoring in projects and programmes; and a limited number of impact assessments that provide in-depth insights on relevant topics and trends identified through the ongoing monitoring. It aims to build a more robust body of evidence regarding what works in the fight against corruption, why and how it works. The process of implementation is highly participatory and it requires the involvement of both internal and external stakeholders and constituents with great emphasis on learning. The approach foresees that chapters validate their impact findings with external stakeholders, such as constituents, clients, people affected by our work, partners, donors and also critics. These discussions include reflections on unintended or negative consequences.

In 2014 the TI Secretariat conducted a Mid-Term Review (MTR) of its 5-year implementation plan. This review was designed to be participatory and feedback-oriented: it interviewed over 30% of staff and a considerable number of external stakeholders. Hence, the MTR contributed significantly to TI's learning and internal accountability processes.

We conduct post-intervention evaluations as required by our donors and the MEL Unit assesses the evaluations to enable key takeaway point from each review. The MTR and other external evaluations are made available to the public at

<http://www.transparency.org/howweare/accountability/evaluations/0/> .

## SO3 Process for ensuring effective anti-corruption policies and procedures

As reported in previous instances, drawing from its sensitivity and particular expertise on corruption, TI-S has developed over the years a wide range of policies, processes and tools to prevent and address corruption across all aspects of our work and integrated in a range of governance and operational documents. In particular, and very practically, the TI Conflict of Interests Policy ([http://www.transparency.org/whoweare/accountability/conflict\\_of\\_interest\\_policy/2/](http://www.transparency.org/whoweare/accountability/conflict_of_interest_policy/2/)) outlines not only principles but also processes and tools to prevent corruption, e.g. through the requirement of the publication of register of interests for our Board. The TI-S Code of Conduct ([http://www.transparency.org/files/content/ouraccountability/TIS\\_CodeOfConduct\\_3\\_8\\_2011.pdf](http://www.transparency.org/files/content/ouraccountability/TIS_CodeOfConduct_3_8_2011.pdf)) addresses conflict of interest, anti-corruption, gifts and entertainment, and transparency and accountability, among others, providing resource for advice and complaints. The TI-S Ethics Advisor and the TI-S Ethics Council ensure respect of the code and report to the Board Ethics Committee. In 2014, targeted Ethics workshops were offered for staff members, including management, with a strong focus on triggering discussions on ethical dilemma and fostering staff's ownership of ethical principles. As reported above, the Ethics Advisor was approached in 30 instances over the reporting period, many of which concerning questions about potential conflicts of interests for one self or colleagues. While this has not lead to the identification of corruption cases in our ranks, it is safe to assert that the raised cases unsurprisingly demonstrate a strong awareness and sensitivity among the staff about the problem of corruption and potential mismanagement, which implies strong self-regulation and peer pressure. The TI-S Whistleblower Policy has further strengthened our system by providing explicit guidance to whistleblowers on how to report suspicion of incidences of corruption and providing clear protection capacity including by offering an external channel.

Furthermore, internal processes are strictly regulated to prevent fraud and corruption. TI-S procurement guidelines hinge on two fundamental principles: Transparency & Fairness and Value for Money, outlining thresholds for procurement requirements and processes. A Delegation of Authority Policy regulates inter alia who can authorise what transactions, covering HR matters (including recruitment), travel, fund transfers and any other payments. It does not only set approval requirements for payments but also income, such as the signing of grants. Every payment requires approval by two individuals, whereby the staff member providing second level approval cannot be the beneficiary of the reimbursement. Our Procurement Guidelines are published in summary form at [http://www.transparency.org/files/content/work/2014\\_ProcurementGuidelines\\_Summary.pdf](http://www.transparency.org/files/content/work/2014_ProcurementGuidelines_Summary.pdf). These processes are yearly reviewed by our auditors and our Board Audit Committee.

We had in our past report expressed the intention to bring all our anti-corruption principles and systems into one single policy. Such intention had not been motivated by an identified weakness or gaps in our policies, procedures or capacities but rather to be able to provide one simple single product in our communication on this matter with external stakeholders. While this could not be prioritised over the reporting period, we will seek to respond adequately to that need in 2016.

## SO4 Actions taken in response of incidents of corruption.

No instance of fraud or corruption was found at TI-Secretariat in 2014. Such instances would be reported to our auditors and would be reflected in our Audited Financial Statements.

## PR6 Programmes for adherence to laws, standards, and voluntary codes related to ethical fundraising, including advertising, promotion, and sponsorship.

TI-S staff involved in fundraising comply with our Donations Policy ([http://www.transparency.org/whoweare/accountability/funding\\_and\\_financials/1/](http://www.transparency.org/whoweare/accountability/funding_and_financials/1/)) and the relevant provisions of the INGO Charter. Our Clearance Procedures for the Submission of External Funding Proposals helps ensure compliance with internal and external laws and standards. Due diligence on potential new donors takes place every time financial support for our work is sought from such donors. An area where we made further progress in 2014 relate to sign off of contracts with donors which now need to be cleared by our legal counsel, our finance department and our resource development department. Where particular demands around visibility are made by the donors our communications department are also involved in the contract negotiations.

As in the last reporting period TI-S did not focus on fundraising from the wider public in 2014 but primarily from institutions. At the same time, responding to the need to diversify, increased efforts are undertaken to raise resources from non-traditional donor bases. With regards to individual giving, the Secretariat's role mainly relates to supporting Chapters in their fundraising drives.

Last year's feedback from the panel noted that "the Panel would like to see specific criteria for the cooperation with the private sector". A due diligence form is in place to assess potential risks in relation to fundraising from the private sector. Two versions of this form are available (express and comprehensive) and they cover a range of areas, including anti-corruption commitments, convictions and accusations. Informed by these forms TI-S management decides whether or not partnering with a respective company would breach our donations policy. No complaints were received from donors about our fundraising.

**I hereby declare that to the best of my understanding this report fulfils the requirements for a GRI G3 Application Level C.**

**Name:** Stan Cutzach  
**Position:** Governance Director  
**Date:** 11 February 2016

# Improvement Analysis

In follow-up to feedback received to our 2013 Report and to new objectives set in this document, the following chart tracks progress and new commitments.

<b>Organisation-wide definition of accountability (1.1)</b>
Accountability is not about compliance – it is a leadership tool to help achieve what we ultimately want to be accountable for. From TI-S' last report it is not entirely clear how strong accountability helps the organisation to achieve better impact. Please describe the strategic relevance of accountability to advancing TI-S' mission and how that translates into clear consequences for the organisation's strategy, programming, fundraising, communications, risk management etc.
<b>Actions taken</b>
As explained under 1.1. a new and more holistic approach to monitoring impact has been developed in 2014, helping to improve our accountability and learning.
<b>Process to support the highest governance body's own performance (4.10)</b>
<b>NEW</b> The Board Governance Committee was commissioned to review best practice and recommend an updated system upon which our report for 2016 will outline.
<b>Feedback and Complaints Handling (NGO2)</b>
TI-S' main weakness is a missing feedback and complaints handling mechanism – the only minimum standard for Charter membership so far. A strong commitment to accountability is only credible if people have easy access to hold an organisation to account and if people are actively invited to provide feedback and this informs management decision for improvement. It is acknowledged that the organisation plans to develop more visible feedback channels, as well as to evaluate these feedbacks more systematically, but the Panel would like to understand the reasons why this mechanism has not yet been implemented. TI-S and the National Chapters can find examples for well managed complaints and feedback mechanisms on the Charter website in the Good Practice database.
<b>Actions taken</b>
Our website offers one page dedicated to ethics and complaints at TI, reachable in one click from our main page; <a href="http://www.transparency.org/whoweare/accountability/ethics/3/">http://www.transparency.org/whoweare/accountability/ethics/3/</a> and outlining the rules and procedures in place concerning the Board, TI-S and TI Chapters as well as in connection with the TI-S Whistleblower Policy as adopted by our Board ( <a href="http://www.transparency.org/files/content/ourorganisation/2014_TI-SWhistleblowerPolicy.pdf">http://www.transparency.org/files/content/ourorganisation/2014_TI-SWhistleblowerPolicy.pdf</a> )
Amongst others, the page outlines the mandate and contact details of the TI-S Ethics Advisor, both towards TI staff and external stakeholders. In 2014, the TI-S Ethics Advisor recorded 30 complaints and requests for advice from within the secretariat, all related to issues of conflict of interest management, recruitment or grievances. These were reported and discussed at regular intervals by the Ethics Advisor and the Board Ethics Committee enabling learning and adjustments of policy.
During the same period, there were two instances where TI-S was approached by external stakeholders, each raising allegations against one (distinct) National Chapter. These individual were advised about the procedures to follow but refused, in different ways, to engage with the outlined process.
<b>NEW:</b> We will be outlining in our next report steps initiated in 2015 to update TI-S Ethics infrastructure and complaints mechanisms, and how these relates to those of National Chapters.
<b>Broadening the scope of diversity (NGO4)</b>
TI-S has commendable gender mainstreaming mechanisms in place. Whereas it is positively noted that Transparency, as a follow up from the Panel's previous feedback, now has an inclusive definition of marginalised and vulnerable people in relation to the fight against corruption, it is still unclear if the newly developed Gender and Diversity policy includes diversity factors such as disabilities, ethnic minorities, age or religious background and how it

is followed up in practice.
<b>Actions taken</b>
<p>Our Gender and Diversity Policy is now posted on our website <a href="http://www.transparency.org/whoweare/work/">http://www.transparency.org/whoweare/work/</a></p> <p>It indeed covers diversity factors such as disabilities, ethnic minorities, age or religion as per the following definition in the policy itself: <i>Diversity refers to the acceptance and inclusion of different types of people in a group or organisation. Individual differences can be related to race, ethnicity, age, sex, sexual orientation, socio-economic status, physical abilities, religious beliefs and other aspects of someone's identity</i></p> <p>As outlined there, numerous measures are taken in practice to implement the policy from Process and procedures (grievance mechanisms, code of conduct, recruitment, induction etc...), to Review, through Communication and awareness-raising (including training), and Monitoring.</p>
<b>Advocacy positions and public awareness campaigns (NGO5)</b>
<p>Very good information is again provided on clear and inclusive tools and processes to choose, formulate and disseminate public advocacy positions. The Panel looks forward to seeing evidence how this is even further improved through the information coming in through newly established feedback mechanisms (NGO2). Moreover, as mentioned in the Panel's previous feedback letters, more information would be welcome on the instruments in place for corrective action, where this becomes necessary, and the exit strategy for campaigns.</p>
<b>Actions taken</b>
<p>TI-S keeps to the following routines to assess the impact of its major advocacy and public awareness campaigns and to feed such assessment into any revision of our advocacy strategy:</p> <ul style="list-style-type: none"> <li>• Audience reach: we look at the number of people who are receiving our key messages on particular anti-corruption issues</li> <li>• Media coverage in quality publications: <i>Grade A</i> publications reach policy-making audiences</li> <li>• Anecdotal evidence on the instances in which a key advocacy ask is reflected in official governmental or inter-governmental policy statements (communiqués, speeches, etc.)</li> <li>• Measurement of the progression in policy change or adoption: from enhanced debate; to governments or companies stating publicly that they would adopt a TI-proposed reform; to those making tangible, time-bound and forward-looking commitments or joint commitments; to governments adopting legislation; to implementation of new laws.</li> </ul> <p>This assessment is done quarterly, with a final end of year assessment. It then is used in discussion when setting the next year's goals and activities. Often it has triggered a re-think in strategy when there was little to report, indicating that priorities lie elsewhere for advocacy work.</p>
<b>Environmental Management System (EN18)</b>
<p>Transparency International comments on the Panel's previous recommendation to implement an explicit Environmental Management Policy with senior management support, clear targets, a sound monitoring system, and visible responsibilities and championships within the organisation. The Panel looks forward to planned progress in this regard and how this will impact the organisation in the next report.</p>
<b>Actions taken</b>
<p>We have drawn from experience and contacts among our staff to design terms of reference and a process toward the development of the Policy including the mobilising of professional advice. The process is ongoing with the target to have an operational policy mid-2016</p>

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