

Pursuant to Article 11 of the Associations Act, "Official Gazette" no. 88/01, 11/02, the regular assembly of the PARTNERSHIP FOR SOCIAL DEVELOPMENT association, held on 17 December 2012, rendered the following:

ARTICLES OF ASSOCIATION

OF THE PARTNERSHIP FOR SOCIAL DEVELOPMENT ASSOCIATION

I. GENERAL PROVISIONS

Article 1

These Articles of Association regulate the area of activity, representation, objectives, activities to achieve the association's objectives, the manner in which its work is rendered public, membership, rights, obligations and responsibilities of the association members, internal structure, association's bodies, their composition, authorities, mode of decision-making, conditions and manner of election and recall, duration of the members' term of office, assets and disposal with assets and potential profit, manner of acquiring those assets, and termination of the association's work and disposal with assets in the case of termination, joining into alliances or unions of associations and membership in international associations.

Article 2

VISION:

The vision of the Partnership for Social Development is a modern society in which new technologies, democratic system, laws and public policies fulfill their fundamental purpose of the realization of civic rights, freedoms and equal opportunities, and provide for a continuous every day progress of the community in which we live.

MISSION:

The Partnership for Social Development is a non-governmental, non-profit and non-partisan civil society organization that initiates, develops and leads democratic processes of building an active civic community, applying without compromise the principles of the protection of public interest, equality, ethics, non-violence and integrity in the behavior of all stakeholders of social processes.

Using and developing contemporary technological solutions and methods, the Partnership for Social Development assists citizens in the protection of human rights, conducts research and monitors the impact of public policies, informs, educates and motivates the public, and advocates for continuous positive social change.

Article 3

The name of the association is: *Partnerstvo za društveni razvoj* (hereinafter the Association). The name of the Association in English is: Partnership for Social Development. The abbreviated name of the Association in English is PSD.

Article 4

The seat of the Association is in Zagreb. The decision on the change of the seat address is rendered by the person authorized to represent the association – Executive Director.

The association has a seal of round shape, containing a graphic symbol, the Association's name and address.

Article 5

The Association is active on the entire territory of the Republic of Croatia, EU Member States and the countries that have signed stabilization and accession agreements with the EU. The Association may be active in territories outside of Europe in the cases when there is a need for a transfer of knowledge, experience, methodology or technological solutions for the purpose of social development, in line with the regulations of the respective countries. The Association acts abroad in line with the regulations of the respective foreign country.

Article 6

In legal transactions, the Association is represented by the Executive Director and the Finance Director. In their absence, or as needed in the implementation of project activities, they are substituted by the person authorized by them in writing.

II. OBJECTIVES AND ACTIVITY OF THE ASSOCIATION

Article 7

The objectives of the Association are to:

- Promote, encourage, develop and improve the system of the rule of law and politically accountable democracy in the territory in which the association is active
- Develop a system to monitor political integrity and the integrity of public services, as well as provide for the legal compliance, consistency, honesty and

transparency in the business and activities of all social actors, including the public sector, judiciary, business sector, media and civil society

- Protect the freedom of public speech, civic association, freedom and independence of media reporting, as well as other fundamental freedoms guaranteed by international and national legal acts
- Protect public interest
- Construct a mechanism of prevention and suppression of all forms of corruption
- Develop a system of civic supervision over the work of public services and supervision over the management of public goods
- Develop a model of sustainable, non-violent and comprehensive social development
- Mitigate the consequences of social transition and transition into a new economic system
- Protect human rights directly, with special focus on the rights of endangered persons and injured parties (victims of the violation of civil and universal human rights according to international conventions), and the rights of endangered groups of citizens
- Construct mechanisms of transparent, ethical and consistent cooperation between people and joint civic activity on the local, national and international level
- Conduct objective and independent research into social problems and provide in a timely manner information to the public on the consequences of individual social phenomena
- Advocate positive solutions to existing problems
- Participate in building democratic institutions and mechanisms on the local, national and international level, with special attention dedicated to the construction of anti-corruption mechanisms and the rule of law.

Article 8

For the purpose of fulfilling the objectives listed in the previous article hereof, the Association shall perform the following activities:

- Expert research and analyses of public policies on the local, national and international level, and measurement of their impact, results and quality.
- Expert research, analyses, measurements and monitoring of political integrity and the integrity of public services.
- Research, analyses, measurements and monitoring of integrity in the private sector, civil society and the media.
- Assessments and analyses of social needs.
- Analysis and monitoring of social and administrative processes, laws and social issues.

- Public advocacy for positive legal, administrative and system solutions based on conducted analyses, measurements and monitoring in the areas of the Association's activity.
- Provision of assistance in the protection of human rights, with special focus on the protection of the victims of corruption and human trafficking, by monitoring the actions of competent state authorities, reporting on actions, sending enquiries, proposals and requests in the cases of human rights violation, and by cooperating with the competent state and international bodies and institutions in line with the national and international laws and positive practice.
- Training, consultations and engagement of experts on the national and international level in the field of developing social structures, organizations and institutions.
- Participation in the working bodies on the local, national and international level for the purpose of resolving social problems.
- Education via trainings, seminars, workshops on the building of institutions, organizational development, human rights protection, monitoring of social and administrative processes and social problems, analyses of public policies and their impact, transparent and socially responsible business, good practice in the public administration, judiciary, police, public institutions, civil society, the media and other important social segments.
- Encouraging and implementing training in communication skills, non-violent resolution of conflict and mediation, project cycle management, team building, planning, evaluation, monitoring and other training segments of importance to personal, organizational and institutional development.
- Facilitating group processes, media appearances and public dialogue.
- Organizing and designing cultural and art programs covering the topics of the rule of law, fundamental human rights, anti-corruption and protection of corruption victims.
- Expert consultations, work with the media and media projects related to the above objectives and activities of the Association.
- Publishing and electronic media activity related to the objectives and activities of the Association.
- Participation in national and international meetings, seminars etc. related to the objectives and activities of the Association.

III. PUBLIC NATURE OF THE ASSOCIATION'S WORK

Article 9

The work of the Association is public.

The Association renders its work public through its own bulletins and publications, web portals, by holding meetings and lectures, through means of public information, by oral and written notifications to its members, supporting members and citizens.

The Association informs its members of its work at the Assembly sessions, and between the sessions, through the Association's web portal, contemporary information tools, Association's bulletins, by sending written reports and communications, by holding informative meetings, workshops, press conferences etc.

The Association informs its supporting members via the Association's web portal, contemporary information tools, Association's bulletin, by sending written reports and communications, holding informative meetings, workshops, press conferences etc.

The work of the sessions of the Association's bodies is public. By way of exception, the public may be excluded if important interests of the Association are discussed at the session, for which the Supervisory Board, Programming Board, Association's Assembly, Association's Executive Board, or the Association's Executive Director decide they should be discussed without the presence of the public due to issues pertaining to the personal interests of the Association's members, and their public disclosure would harm the reputation of the Association, or its interest, or public interest.

The public may also be excluded in situations stipulated by national and international regulations on data secrecy or personal data protection, except in situations when the public interest supersedes the interests of the Association.

The data of the Corruption Monitoring and Documentation Department are secret, except in cases when there is a written consent by the reporting person, i.e. injured party, or when there is a corresponding decision by the Association's Executive Board.

Data on the injured party, content of the case, actions undertaken and the results may be at the disposal only of the duly authorized persons in the Association, pursuant to an authorization certified by the Association's Executive Director.

In all other cases of excluding the public, there must be a prior decision on the exclusion of the public rendered by the Association's competent body (Association's body before which the procedure has been instigated). The decision shall contain an explanation and reference to the Association's act pursuant to which the public is excluded, and must be signed and certified by the Association's responsible person.

IV. MEMBERSHIP

The Association has Permanent Deciding Members and Supporting Members.

Permanent Deciding Members

Article 10

Permanent, deciding members of the Association may only be natural persons of legal capacity and legal persons interested in the Association's work.

Permanent Deciding Members of the Association are also members of the Association's Assembly.

One becomes a Permanent Deciding Member of the Association by the Assembly's decision, based on his/her contribution to the Association.

One becomes a Permanent Deciding Member of the Association by signing an application form, based on:

- Employment contract with the Association, upon expiration of a 6-month trial period, if the contract has been extended.
- Contract of volunteering in the Association, following an active volunteer traineeship of no less than 2 years, at the recommendation of the Association's Executive Board.
- Application form of a Supporting Member, with a history of no less than three years of supporting membership, at the recommendation of the Association's Executive Board.
- Exceptional merits for the promotion of the Association, in the work of the Association or in the achievement of its objectives, at the recommendation of the Association's Executive Board and the Programming Board.
- Register of Association Members active as of 17 December 2012

Legal persons may acquire the status of a permanent deciding member of the Association in the same way as natural persons. When a legal person acquires the status of a Permanent Deciding Member, the legal representative, or person authorized to represent, represents the legal person in the Association's Assembly and in the work of the Association's bodies.

A Permanent Deciding Member of the Association cannot be a legal person that can be deemed a public authority body, political party or part of a political party, public

institution, or any other legal person that can be deemed to be associated with a public authority body or political party.

The membership of a Permanent Deciding Member of the Association ceases upon death, resignation, final verdict for criminal offences under the jurisdiction of the Office for the Suppression of Corruption and Organized Crime (USKOK), or by expulsion pursuant to a decision of the Association’s Assembly. The Association’s Executive Board may propose to the Assembly the expulsion of a Permanent Deciding Member of the Association pursuant to records in the Corruption Monitoring and Documentation Department at the Association.

Article 11

The rights and obligations of Permanent Deciding Members are as follows:

Permanent Deciding Members of the Association participate in the work of the Association and provide assistance to the Association, advocate for the interests and objectives of the Association, work for the benefit of the Association and for the benefit of all activities implemented by the Association pursuant to the Articles of Association and other general and governance acts of the Association.

Through their work in the Association’s Assembly, permanent deciding members of the Association supervise the work of the Executive Director, Finance Director, Association’s Executive Board, Programming Board and the Association’s Supervisory Board.

Permanent deciding members of the Association have the right to elect and be elected into the Association bodies.

Permanent deciding members of the Association are exempt from paying a membership fee pursuant to their participation in the work of the Association bodies.

Supporting Members

Article 12

Supporting members of the Association can only be natural persons of legal capacity, and legal persons interested in the work of the Association.

The status of a Supporting Member of the Association means that the natural or legal person supports the mission, vision, objectives and activities of the Association, and it

does not mean that the Supporting Member has an influence on the work of the Association and of the Association bodies.

Supporting Members are confirmed by the Association's Assembly pursuant to a signed application form, receipt for paid membership fee and proposal of the Association's Executive Board.

Supporting Members of the Association advocate for the interests and objectives of the Association, work for the benefit of the Association and for the benefit of all activities implemented by the Association pursuant to the Articles of Association and other general and governance acts of the Association.

Supporting Members of the Association may propose to the Association bodies measures to enhance their work. The recommendations of the Supporting Members are not binding for the work of the Association or of the Association bodies.

Supporting Members who are active in the realization of the Association's objectives and activities over a period of no less than three years, and who contribute significantly with their activities to the work of the Association, may become Permanent Deciding Members of the Association.

The proposal on the appointment of a Supporting Member of the Association as a Permanent Deciding Member of the Association is given to the Association's Assembly by the Association's Executive Board pursuant to the record on the members' supporting activities.

By way of exception, a Supporting Member of the Association may be appointed a Permanent Deciding Member of the Association for an exceptional contribution to the work of the Association, at the joint proposal of the Association's Executive Board and the Association's Programming Board.

A Supporting Member of the Association who in their activities does act in line with these Articles of Association, or who hinders the work of the Association or undermines its reputation, may be given a reprimand by the Association's Ethics Committee, or the said Committee may propose to the Assembly the expulsion from membership and reparation of the damage incurred, depending on the severity of the incurred breach.

When expelled from membership, the Supporting Member shall be reimbursed for the paid funds/membership fee from the moment of expulsion procedure commencement, to the moment when the decision on expulsion from Supporting Membership is rendered, for no more than one year back.

The membership of a Supporting Member of the Association ceases upon death, resignation, final verdict for criminal offences under the jurisdiction of the Office for the Suppression of Corruption and Organized Crime (USKOK), or by expulsion pursuant to the decision of the Association's Assembly. The Association's Executive Board may suggest to the Assembly the expulsion of a supporting member of the Association pursuant to the records in the Corruption Monitoring and Documentation Department at the Association.

The Register of Supporting Members of the Association is kept by the Finance Director.

V. FORMATION OF ALLIANCES AND ORGANIZATION OF THE ASSOCIATION

Article 13

The Association may join into alliances or unions of associations. The Association may join international associations. The decision on the Association joining a union or membership is rendered by consensus by the Association's Executive Board. If the Executive Board cannot make a decision on membership by consensus, the decision on membership shall be rendered by the Association's Assembly, by a 2/3 majority vote. The Association may have organizational forms – branches. The decision on the establishment of a branch with a specific seat is rendered at the Association's Executive Board by a majority of votes. The branch has one representative in the Association's Executive Board. The branch does not have legal personality.

Membership in alliances or unions of associations ceases by resignation, by the final verdict for criminal offences under the jurisdiction of the Office for the Suppression of Corruption and Organized Crime (USKOK), or based on a decision of the Association's Assembly. The Association's Executive Board may propose to the Assembly the exclusion from the membership in alliances or unions of associations pursuant to a record at the Corruption Monitoring and Documentation Department of the Association.

VI. MANAGEMENT OF THE ASSOCIATION AND ASSOCIATION BODIES

Article 14

Permanent Deciding Members of the Association manage the Association directly at the Assembly and indirectly via the elected bodies of the Association.

The bodies of the Association are: Association's Assembly, President of the Association's Assembly, Association's Ethics Committee, Supervisory Board,

Association's Programming Board, Association's Executive Director, Association's Finance Director, Association's Executive Board.

1. ASSEMBLY

Article 15

The Assembly is the highest body of the Association.

The Assembly is composed of the Association's Permanent Deciding Members.

The Assembly works in sessions. The sessions may be regular, extraordinary and electoral.

Regular sessions of the Assembly take place no less than once a year.

Regular sessions of the Assembly are convoked by the President of the Association's Assembly at least eight days before the date of the session.

An extraordinary session of the Assembly may be convoked as needed when decided by the President of the Association's Assembly at their own initiative or at the request of the Association's Executive Board upon a proposal by at least five Permanent Deciding Members of the Association; Association's Supervisory Board; Association's Programming Board in agreement with the Association's Executive Board. In emergency situations, the Association's Executive Board may request from the President of the Association's Assembly to convoke a session of the Association's Assembly.

If the President of the Association does not convoke an extraordinary Assembly at the proposal of the above listed authorized persons within 30 days, the Assembly may be convoked by the proposing parties themselves.

The Assembly sessions are presided over by the President of the Association's Assembly, or in the case of their inability, by the person elected by a majority of votes of the present Permanent Deciding Members.

Technical assistance to the Assembly President in the preparation of Assembly sessions, minutes keeping and archiving and storing of documents is provided by the Association's Executive Board.

Article 16

The Assembly may render decisions if a simple majority of Assembly members is present.

The Assembly renders its decisions by a two-thirds majority of the present Assembly members.

At its regular, extraordinary and electoral sessions the Assembly:

- Passes the Articles of Association, amendments to the Articles of Association and other general acts,
- Adopts the reports of the Association's Supervisory Board and the Association's Programming Board,
- Adopts the Association's financial report submitted by the Association's Finance Director,
- Adopts activities reports submitted by the Association's Executive Director,
- Adopts the Association's strategic and operational plan,
- Elects and relieves of duty the President of the Association's Assembly, the Association's Executive Director, the Association's Finance Director, members of the Association's Supervisory Board, members of the Association's Programming Board, members of the Association's Ethics Committee,
- Decides on approval of Permanent Deciding Members of the Association and on the appointment of Supporting Members of the Association,
- Deliberates on the activities reports of the Association's Executive Director, Association's Finance Director, Association's Supervisory Board, Association's Programming Board and Association's Executive Board,
- When deliberating on the activities reports, the Assembly is guided solely by the Association's Articles of Association and the Association's strategic and operational plans adopted by the Assembly, and evaluates the legal compliance, quality and success of the implementation of general and governance acts of the Association. The Assembly may intervene in the everyday work of the Association's Executive Board, Association's Finance Director or Association's Executive Director, only in the cases when their activities represent a serious violation of regulations and of the general and governance acts of the Association to the detriment of the Association.
- Decides on the termination of the Association's work,
- Decides on the proposals of the Association's Ethics Committee,
- Performs other activities as needed.

2. President of the Association's Assembly

Article 17

- The President of the Assembly is elected from among the Permanent Deciding Members for a term of office of 4 years, with the possibility of re-election.
- Assembly President cannot be a person who is at the same time a member of a political party, employee of a public authority body or of a legal person associated with a public authority body, or an employee of the Association.
- Assembly President protects the fundamental principles and values of the Association described in the Articles of Association, advocates for the Association's interests and objectives, works for the benefit of the Association and for the benefit of all activities implemented by the Association pursuant to the Articles of Association and other general and governance acts of the Association.
- Assembly President is responsible for the legal compliance of the Assembly's work, implementation of the Assembly's decision, procedures in the work of the Assembly and the Assembly's working bodies, signs and certifies minutes from the Assembly, and performs other tasks necessary for the work of the Assembly.
- The President can make public appearances and give statements within their remit (remit of the Association's Assembly).
- The President of the Assembly cannot influence the everyday work of the Association outside the scope of the general and governance acts of the Association, or outside the authorities of the Assembly stipulated by these Articles of Association.
- The President of the Assembly is entitled to remuneration for presiding over Assembly sessions. The amount of the remuneration is established by a decision of the Association's Executive Board, and is equal to the amount of the membership fee for the Programming Board and the Association's Compliance Committee.
- The procedure to relieve the President of the Assembly of duty can be initiated only in the cases when the President of the Assembly acts contrary to the Articles of Association and the Association's general and governance acts, in violation of legal regulations, or in other ways (by a public appearance or acting within their remit) harms the regular work and functioning of the Association, and in the case of inability to perform the function of Assembly President. In the cases of a final verdict for criminal offences under the jurisdiction of USKOK, the Assembly shall relieve the President of duty. In the case of a situation of incompatibility (paragraph 2 herein), the Assembly President shall be relieved of duty at the first subsequent Assembly session.

- The procedure to relieve the Assembly President of duty may also be initiated at their own request, in the cases of illness, or for other reasons that preclude the normal performance of the office of Assembly President.

3. Executive Director

Article 18

The Association's Executive Director is elected by the Assembly for a term of office of seven years, with the possibility of re-election.

The Association's Executive Director is elected from among the members of the Association's Executive Board following the principles of expertise and experience in the non-profit sector, dedication to the values, vision, mission and objectives of the Association, business ethics, and understanding of the fundamental activities of the Association described in the Articles of Association, and the way civil society organizations work.

By way of exception, the Assembly may appoint the Executive Director of the Association via public tender, if by a 2/3 majority vote it renders the decision that there is no person in the Association's Executive Board meeting the above criteria, or if there are no candidates among members of the Association's Executive Board for the position of the Association's Executive Director.

The Association's Executive Director acts for and represents the Association in public, executes the decisions of the Assembly, the Association's Programming Board, the Association's Supervisory Board, and the Association's Executive Board. The Association's Executive Director is responsible for the operational and program implementation of the Association's Strategic and Operational Plan, of the Projects approved by the Association bodies, and of the financing contracts signed by the Association.

The Association's Executive Director cannot at the same time be President of the Assembly, member of the Supervisory Board or Programming Board, or in charge of independent management of the Association's finances. The Association's Executive Director cannot be a member of a political party, or of any legal person associated with a political party. The Association's Executive Director cannot be a member of associations advocating discrimination, hatred, intolerance, or inciting any other form of intolerance or violence.

The Association's Executive Director informs the Association bodies, Association members and the public on the activities of the Association in the manner stipulated by these Articles of Association.

The Association's Executive Director and Finance Director manage consensually the work of the Association, each within their own remit, in line with the Law, the Articles of Association and other general and governance acts of the Association, and coordinate the work of all Association bodies.

The Association's Executive Director is responsible for his/her own remit and is responsible for the legal compliance of the Association's work.

The Association's Executive Director and Finance Director perform their tasks in agreement with the Association's Executive Board.

The Association's Executive Director has the obligation of informing the Association's Executive Board in a timely manner of all activities, plans, obligations and decisions, in the time in which they take place, and no later than at the first subsequent regular weekly meeting of the Association's Executive Board.

Failure to inform the Association's Executive Board of matters of interest to the Association is deemed a serious violation of the Association's general and governance acts.

The Association's Executive Director is responsible for their work to the Association's Assembly, Association's Supervisory Board, Association's Programming Board, and the Association's Executive Board.

The Association's Assembly may relieve the Association's Executive Director of duty before the expiration of the term of office if he/she acts in contravention of the Law, the Articles of Association, general and governance acts of the Association to the detriment of the Association. In the cases of a final verdict for criminal offences under the jurisdiction of the Office for the Suppression of Corruption and Organized Crime (USKOK), the Assembly shall relieve the Executive Director of duty. At the same session at which the dismissal is discussed, the Association Assembly shall render the decision on the appointment of a new Executive Director of the Association.

The procedure of dismissal of the Association's Executive Director may be initiated before the Assembly by the Association's Executive Board by a majority of votes, by the Association's Supervisory Board, or by the President of the Association's Assembly.

The procedure of dismissal of the Association's Executive Director may also be initiated at their own request in the cases of inability to perform in a quality manner the function of the Association's Executive Director, in the case of illness or death.

4. Association's Finance Director

Article 19

The Association's Finance Director is elected by the Assembly for a five year term of office, with the possibility of re-election.

The Association's Finance Director is elected from among the members of the Association's Executive Board following the principles of expertise and experience in the management of finances in the non-profit sector, dedication to the fundamental values, vision, mission and objectives of the Association, business ethics, understanding of the Association's fundamental activities described in the Articles of Association, and the manner in which civil society organizations operate.

By way of exception, the Assembly may appoint a Finance Director via public tender, if by the majority of votes it renders the decision that there is no person fulfilling the above criteria among the members of the Association's Executive Board, or if among the members of the Association's Executive Board there is no candidate for the position of the Association's Finance Director.

The Association's Finance Director is independent in his/her remit, and is responsible for the management of the Association's administration and finances, planning and execution of financial plans, administrative and financial execution of the Association's Strategic and Operational Plan, administrative and financial implementation of the decisions of the Association's Assembly, Association's Supervisory Board, Programming Board and Association's Executive Board.

The Finance Director cannot at the same time be the Assembly President, member of the Association's Supervisory Board or Association's Programming Board. The Association's Finance Director cannot be a member of a political party, or of any legal person associated with a political party. The Association's Finance Director cannot be a member of associations advocating discrimination, hatred, intolerance, or of those inciting any other form of intolerance and violence.

The Association's Finance Director informs the Association bodies, Association members and the public of the Association's activities from their remit in the manner stipulated by these Articles of Association.

The Association's Finance Director and Executive Director manage consensually the work of the Association, each within their own remit, in line with the law, the Articles of Association and other general acts of the Association, and coordinate the work of all Association bodies.

The Association's Finance Director is responsible for his/her own remit and is responsible for the legal compliance of the Association's work.

The Association's Finance Director and Executive Director perform their tasks in agreement with the Association's Executive Board.

The Association's Finance Director shall inform in a timely manner the Association's Executive Board of all activities, plans, obligations and decisions related to the Association's finances and administration at the time when they happen, and no later than at the first subsequent regular weekly meeting of the Association's Executive Board.

Failure to inform the Association's Executive Board of matters of interest to the Association is deemed a serious violation of the general and governance acts of the Association.

The Association's Finance Director reports on his/her work to the Association's Assembly, the Association's Supervisory Board, Association's Programming Board, Association's Executive Board, and the Association's Executive Director.

The Association's Assembly may relieve the Association's Finance Director of duty before the expiration of the term of office if he/she acts in contravention of the law, the Articles of Association or general and governance acts of the Association, to the detriment of the Association. In the cases of a final verdict for criminal offences under the jurisdiction of the Office for the Suppression of Corruption and Organized Crime (USKOK), the Association's Assembly is obliged to relieve the Association's Finance Director of duty at its next session. At the same session at which it discusses the dismissal, the Association's Assembly shall render a decision on the appointment of a new Finance Director of the Association.

The procedure of dismissal of the Association's Finance Director may be initiated before the Assembly by the Association's Executive Board by a majority vote, by the Association's Supervisory Board and by the President of the Association's Assembly.

The procedure of dismissal of the Association's Finance Director may also be initiated at their own request, in the cases of inability to perform in a quality manner the office of Director, or in the case of illness or death.

5. Executive Board of the Association

Article 20

The Association's Executive Board is the main executive body of the Association.

The Association's Executive Board is composed of the Association's employees. Members of the Executive Board are proposed by the Association's Executive Board, and confirmed by the Association Assembly.

Newly employed persons become members of the Executive Board after the expiration of a 6-month trial period, and are confirmed by the Association's Assembly at the next session.

By way of exception, members of the Executive Board can be confirmed by the Association's Assembly before the end of the 6-month trial period, at the proposal of the Executive Director and Finance Director if so required by the contractual obligations, or by other circumstances of the implementation of the Association's projects, programs and activities.

As a rule, members of the Association's Executive Board are composed of persons appointed or employed in management positions in the Association: Executive Director, Finance Director, department managers, project and program managers, and all other persons in management positions at the Association. Other employees can also be members of the Association's Executive Board if they are proposed as members in agreement by the Association's Executive Board, subject to the Assembly's approval.

By way of exception, members of the Association's Executive Board may also be persons who are not employed at the Association, i.e. persons with the status of volunteers, consultants or collaborating experts, provided there is a unanimous opinion thereof of the members of the Association's Executive Board.

The term of office of the Association's Executive Board is four years.

In their work, the members of the Association's Executive Board must be guided by laws, the Articles of Association and general and governance acts of the Association, as well as by the Association's vision, mission and objectives, by business ethics, and by an understanding of the Association's fundamental activities described in the Articles of Association, contractual obligations, and general principles of the functioning of civil society organizations.

Members of the Association's Executive Board cannot be members of a political party, of a legal person in any way associated with a political party, employees of a public

authority body, or of legal persons in any way associated with public authority bodies, or members of an association advocating discrimination, hatred, intolerance, or inciting any other form of intolerance and violence.

By way of exception, members of the Association's Executive Board may be members of supervisory boards in public authority bodies or other supervisory or management bodies in which the law and other acts provide for a position for civil society representatives, but only provided there is a written opinion of the Association's Executive Board on potential conflict of interest, i.e. compatibility of office.

Article 21

The Executive Board keeps a register of decisions and registers of the Association's general and governance acts.

The Association's Executive Board deliberates on all decisions proposed or rendered by the Association's Executive Director and Finance Director, evaluates their compliance with the Articles of Association and other general and governance acts of the Association, with strategic and operational plans, binding contracts and agreements, opinions of the Supervisory Board and of the Programming Board.

The Association's Executive Board drafts and proposes to the Assembly and other bodies of the Association the Articles of Association and other general and governance acts, provides logistic, technical, administrative and organizational support to the bodies of the Association, proposes from among its members the Association's Executive Director and Finance Director, members of the Association's Supervisory Board, Programming Board, Permanent Deciding Members of the Association, Supporting Members of the Association, and performs other activities described in the Articles of Association and in general and governance acts.

The Association's Executive Board runs and manages the Association's programs and projects, ensures the implementation of the Association's objectives and activities, decides on the manner in which the Association's programs and projects will be realized, looks after the Association's assets, raises funds, decides on the investment of profit into the enhancement of the Association's activities, decides on employment in the Association's project implementation and performs other activities provided for in the Articles of Association and in other general acts of the Association.

The Association's Executive Board, together with the Association's Executive Director and Finance Director, executes the decisions of the Assembly, of the Association's Supervisory Board and Programming Board, and is responsible for the implementation of all of the Association's programs and projects, as well as for the implementation of the Association's objectives and tasks.

The Association's Executive Board reports on its work to the Association's Executive Director, Finance Director, Supervisory Board and the Association's Assembly. The Association's Executive Board must work in compliance with the Association's Programming Board.

The position of the head of the Association's Executive Board is a rotating one and each session is presided over by a different member of the Association's Executive Board.

Sessions of the Association's Executive Board are held no less than once every six months, and decisions are made by the members consensually (by consensus), and if this is not possible, by a 2/3 majority of the votes.

The working sessions of the Association's Executive Board (advisory and operative sessions) are held at least once a week.

Each member of the Association's Executive Board has the right to convoke a Deciding Session of the Association's Executive Board should the need arise. The sessions are binding for all members of the Association's Executive Board.

A session of the Association's Executive Board is deemed valid if at least 2/3 of the members of the Association's Executive Board are present.

The Association's Executive Board may transfer its authorities by its written decision to the Association's Executive Director or Finance Director, but only in exceptional situations. In such situations, the decision on the transfer of authorities must be accompanied by a detailed explanation and grounded on objective reasons for the transfer of authorities, and should also contain a time frame for the performance of those tasks.

Members of the Association's Executive Board cannot be President of the Association's Assembly, members of the Association's Supervisory Board, or members of the Association's Programming Board.

Permanent Deciding Members of the Association, President of the Association's Assembly, members of the Supervisory Board and of Programming Board have the right, at their own request, to be present at the Deciding Sessions of the Association's Executive Board.

President of the Assembly, Association's Supervisory Board and Association's Programming Board may convoke a Reporting Session of the Association's Executive Board at any moment, but no more than twice a year.

In its activities, the Association's Executive Board is independent and no other body of the Association can interfere with the daily obligations and work tasks of the members of the Association's Executive Board.

Evaluations of the work of the Association's Executive Board may only be performed at regular or extraordinary sessions of the Association bodies (Association's Assembly, Association's Supervisory Board, Association's Programming Board), or via the Reporting Sessions of the Association's Executive Board.

When evaluating the work of the Association's Executive Board, the bodies of the Association may solely evaluate the compliance of the activities of the Association's Executive Board with laws, with the Articles of Association, general and governance acts of the Association, Association's strategic and operational plans, decisions of the Assembly, opinions of the Association's Supervisory Board, or with adopted decisions of the Association's Programming Board, Association's contractual obligations, approved projects and other previously defined obligations.

In the evaluation of the work of the Association's Executive Board, in no case can criteria for the evaluation of the work of the Association's Executive Board and of the members of the Association's Executive Board be introduced subsequently, *ad hoc*, nor can the work of the Executive Board be evaluated based on criteria not specified in these Articles of Association.

The Association's Executive Board, together with the Association's Executive Director, renders decisions on cooperation with other associations and on membership in national and international, formal and informal alliances of associations.

The Association's Executive Board acts in compliance with these Articles of Association, with the law and the rules of procedure of the Association's Executive Board adopted by the Assembly at the proposal of the Association's Executive Board.

The Association's Executive Board acts in line with high ethical standards confirmed by the Association's Assembly or stipulated contracts and binding protocols related to the membership of the Association in national and international alliances of associations.

Article 22

Members of the Association's Executive Board who fail to discharge their obligations as stipulated by these Articles of Association, law or other general acts, contracts or binding agreements, or whose actions cause damage or injury to the reputation of the Association, may be recalled.

Recall decisions shall be made by the Assembly upon proposal by a member of the Association's Executive Board or Executive Director.

Until a decision to recall a member of the Executive Board is made, the member whose recall is proposed shall not perform his/her duties of a member of the Association's Executive Board.

The Assembly shall convene within ninety days of submission of a recall request.

At the same session at which the recall is considered, the Assembly shall elect a new member of the Association's Executive Board if necessary for the implementation of the programs, projects, objectives and tasks of the Association.

The term of office of the new member of the Association's Executive Board shall be until the expiration of the term of office of the Executive Board.

In the event of recall of a member of the Association's Executive Board, the Association's Executive Director or the Association's Executive Board may initiate by a majority vote the procedure for early termination of the employment contract with the recalled member.

In such cases, the Assembly's decision on recall shall also presuppose gross violation of work discipline and terms of the employment contract, and a decision on disciplinary action shall be unconditionally adopted by the Association's Executive Board by a majority vote.

If the entire Executive Board of the Association is recalled pursuant to a decision by the Association's Assembly, new members of the Association's Executive Board shall be elected.

The recall of the entire Executive Board of the Association may be considered by the Assembly only in cases of gross violation of law (violation of Penal Code), of these Articles of Association and of general and governance acts of the Association, or of contractual obligations of the Association, and in no other circumstances.

A decision on the recall of the entire Executive Board of the Association may be adopted by the Assembly only by a 2/3 majority vote of all Deciding Members of the Association.

The term of office of the elected members shall be as if they were elected at a regular electoral session of the Association's Assembly, as provided herein.

Any member of the Association's Executive Board may also be recalled at his/her own request, when the member of the Executive Board is unable to discharge his/her responsibilities of the member of the Association's Executive Board satisfactorily, due to illness or death.

In such cases, the decision on recall shall be made by the Executive Board of the Association by a majority vote, and verified by the Assembly. In such cases, the rights and obligations of the member of the Association's Executive Board shall cease as of the date of the recall decision by the Association's Executive Board.

In the event of a final verdict for criminal offences under the jurisdiction of the Office for the Suppression of Corruption and Organized Crime (USKOK), the Assembly shall recall the member of the Association's Executive Board concerned.

6. Supervisory Board of the Association

Article 23

The Supervisory Board of the Association is an independent supervisory body which supervises the work of the Association. The Supervisory Board of the Association shall report on its activities to the Association's Assembly.

Members of the Association's Supervisory Board shall be experts or persons dealing on a daily basis with issues related to the Association's activities, civil society organizations' methods of work, human rights and civil supervision of public services, funding of the non-profit sector and business ethics.

In their work, members of the Association's Supervisory Board shall be governed by law, these Articles of Association, general and governance acts of the Association, as well as by the vision, mission and objectives of the Association, business ethics, and understanding of the Association's fundamental activities as described herein, contractual obligations, and general principles of operation of civil society organizations.

The Supervisory Board shall have a minimum of three, but in any case an uneven number of members.

At least one but in any case less than half of the members of the Supervisory Board shall be representative(s) of the Deciding Members of the Association (may but need not be the President of the Association's Assembly), and at least two but in any case over a half of the members shall be completely independent of the work of the Association's Executive Board.

Members of the Association's Supervisory Board cannot be employed in the Association, or be members of political parties or of legal persons associated with political parties.

Persons with any form of contractual relation with the implementation of the Association's activities (such as consultants, collaborating experts, volunteers), may not become members of the Association's Supervisory Board.

Persons with family connections to any employee of the Association, or persons who are owners of the companies that have a business relationship with the Association, or persons directly related to the owners of the companies that have had a business relationship with the Association in the past three years, may not become members of the Association's Supervisory Board.

Members of associations advocating discrimination, hatred, intolerance or inciting any form of intolerance and violence, may not become members of the Association's Supervisory Board.

By way of exception, non-partisan persons employed by a public authority may be members of the Association's Supervisory Board, provided there is a written opinion given by the Association's Executive Board, resolving the potential conflict of interest.

Members of the Association's Supervisory Board shall be elected by the Assembly at the proposal of the Association's Executive Board, or of the President of the Association's Assembly, for a term of office of 4 years with the possibility of re-election.

The member of the Association's Supervisory Board from among the Permanent Deciding Members shall be elected by the Assembly at the proposal of the President of the Assembly. The President of the Assembly may be a member of the Supervisory Board.

Members of the Association's Supervisory Board shall receive remuneration for their participation in the work of the Board, or for attending the sessions of the Association's Supervisory Board.

The level of remuneration shall be decided by the Association's Executive Board at the proposal of the Association's Finance Director, according to the financial status of the Association and average remunerations payable in other similar bodies of civil society organizations.

Article 24

The Supervisory Board shall exercise independent supervision of the work of the Association.

At the sessions, the Supervisory Board shall analyze the financial and programming reports of the Association, performance of strategic and operational plans, reports by the Association's Executive Director, reports by the Association's Finance Director, decisions of the Association's Executive Board, decisions of the Association's Executive Director, decisions of the Association's Finance Director, as well as actions and activities undertaken to achieve the programming acts of the Association.

In their work, members of the Supervisory Board shall be governed by their conscience, by the general and governance acts of the Association and by commitment to safeguard public interest. The members of the Association's Supervisory Board shall not be governed by external influences, or by interests contrary to public interest, and they shall report any such influence to the competent bodies of the Association (Association's Executive Board and the Assembly).

The work of the Supervisory Board shall be done in regular and extraordinary sessions. Regular sessions shall be held at least once and at most 3 times a year. Extraordinary sessions may be held as necessary, upon proposal by any member of the Supervisory Board, but no more than twice a year.

By way of exception, if necessary, the Board shall convene over several days, when such measure is necessary to resolve an issue. The decision to extend the session over several days shall be made by the members of the Supervisory Board by a majority vote.

The Association's Supervisory Board shall also initiate the procedure to relieve of duty the Association's Executive Director, the Association's Finance Director, and the Association's Executive Board in the cases and in the manner as provided herein.

In its work, the Association's Supervisory Board shall assess the legal compliance, validity and functionality of reports, decisions, governance acts and actions undertaken by the executive bodies of the Association (Association's Executive Board, members of the Association's executive body, Association's Executive Director and the Association's Finance Director), and verifies all the reports submitted to the Association's Assembly hereunder.

The Supervisory Board shall report on its activities to the Association's Assembly and the Executive Board, by way of reports on activities, certified meeting minutes,

recommendations for elimination of irregularities, warnings, disciplinary action proposals and proposals to recall executive bodies of the Association.

In order to determine the facts, the Supervisory Board, or any member thereof, may demand access to the documentation, or to the Register of Decisions and Governance Acts of the Association, as well as to the administrative acts themselves, to demand written statements from the members of the Association's Executive Board, and to convene Reporting Sessions of the Association's Executive Board.

In the case of a request to convene a Reporting Session of the Association's Executive Board, the Executive Board shall convene within 15 days of receipt of request to convene a Reporting Session of the Association's Executive Board.

Should the Executive Board fail to convene a Reporting Session within the stipulated deadline upon proposal by the members of the Supervisory Board, the Supervisory Board may lodge a request to the Association's Assembly to recall the members of the Association's Executive Board.

The Association's Supervisory Board shall adopt its decisions, opinions and requests by a majority vote. In the event of dissenting votes, every member of the Association's Supervisory Board may issue a dissenting written opinion, which opinion shall be discussed at the first subsequent session of the Association's Assembly.

The Association's Supervisory Board shall not interfere with the daily activities of the Association's Executive Board, nor obstruct the work of the Association in any other way. The Supervisory Board may analyze the contracts and other documents signed by authorized persons and bodies on behalf of the Association, and review the performance of signed contracts, but it shall not interfere with the contract performance activities, or amend or demand amendment thereof once the contract has been signed and obligations incurred thereunder.

Members of the Supervisory Board may report on their findings to the Association's Assembly, and in the cases of suspected serious violation of law, to the competent state authorities, however, they shall not make their findings public or in any other way take action that would cause damage or injury to the Association's reputation.

The Supervisory Board shall not have access to the information of the Corruption Monitoring and Documentation Department, which can be accessed only by authorized persons of the Association, unless provided otherwise under these Articles of Association or general and governance acts of the Association.

In the event of abuse of office by a member of the Supervisory Board, or violation of the governance acts of the Association and these Articles of Association, the Association's Supervisory Board, or any member thereof, may be recalled or removed from office.

A request to recall the Supervisory Board or any member thereof, in cases provided hereunder, may be submitted to the Association's Assembly by the Executive Board of the Association or by the President of the Association's Assembly.

In the event of recall of the Supervisory Board, or any member thereof, new member(s) of the Board shall be elected no later than within 90 days of recall.

7. Programming Board of the Association

Article 25

The Programming Board of the Association is an independent advisory body participating in the development of the programs, strategic and operational plans of the Association, which supervises and evaluates the effect of the Association's activities, and proposes measures to improve the Association's activities. The Programming Board of the Association shall report on its activities to the Association's Assembly.

Members of the Programming Board shall be scientists, experts or persons dealing in their everyday work with the topics related to the Association's activities, familiar with the modus operandi of civil society organizations and with the topics of human rights and civil supervision of public services, funding of the non-profit sector, work of the media and journalists, as well as persons who have made an exceptional contribution by their work to the safeguarding of public interest.

Members of the Association's Programming Board shall be governed in their work by public interest, laws, these Articles of Association, and general and governance acts of the Association, as well as by the vision, mission and goals of the Association, business ethics, and understanding of the fundamental activities of the Association, as described hereunder, contractual obligations and general operating principles of civil society organizations.

The Programming Board of the Association shall have at least three and in any case an uneven number of members.

Employees of the Association or members of political parties or legal persons related to political parties, may not be members of the Programming Board of the Association.

Members of the Programming Board of the Association may be retained as expert consultants to participate in the implementation of the Association's activities when required by the workload or demand for specific knowledge or competence possessed by the members of the Programming Board.

Persons with family connections to any employee of the Association, or persons with direct family connections to the owners of the companies that have had a business relationship with the Association in the past three years, may not become members of the Programming Board of the Association.

Members of associations advocating discrimination, hatred, intolerance or inciting any form of intolerance and violence, may not become members of the Programming Board of the Association.

By way of exception, non-partisan persons employed by a public authority may become members of the Programming Board of the Association, provided there is a written opinion given by the Association's Executive Board, resolving the potential conflict of interest.

Members of the Programming Board of the Association shall be elected by the Assembly at the proposal of the Association's Executive Board, or of the President of the Association's Assembly, for a term of office of 4 years, with the possibility of re-election.

Members of the Programming Board of the Association shall receive remuneration for their participation in the work of the Board, or for attending the sessions of the Programming Board of the Association.

The level of remuneration shall be decided by the Association's Executive Board at the proposal of the Association's Finance Director, according to the financial status of the Association and average remunerations payable in other similar bodies of civil society organizations.

Article 26

The Association's Programming Board participates in the assessment, evaluation and improvement of the Association's program, activity and methods of work.

At its sessions, the Association's Programming Board analyzes reports on the Association's projects and programs, the fulfillment of strategic and operational plans, reports of the Association's Executive Director, the Association's Finance Director, methodology and results of scientific research and expert analyses, impact of projects, and proposes actions to improve the quality of the Association's programs and projects.

In their work, members of the Programming Board are guided by their conscience, by general and governance acts of the Association and by the protection of public interest.

Members of the Programming Board must not be guided by external influences, i.e. interests that are contrary to the public interest, and must report any such influence to the competent bodies of the Association (Association's Executive Board and Assembly).

Members of the Programming Board must act in the best interest of the Association and must not disclose information concerning the activity of the Association, methodology and plans to any persons not involved in the activity of the Association without a prior consent of the Association's Executive Board. The business secret clause remains valid for 5 years after the termination of membership in the Association's Programming Board.

The Association's Programming Board works in regular and extraordinary sessions. The regular sessions of the Programming Board must be convened at least once a year. The frequency of the sessions of the Association's Programming Board is determined by mutual agreement of the Association's Programming Board and Executive Board, depending on the needs regarding the implementation of the Association's activity.

The Programming Board reports on its activity to the Association's Assembly and Executive Board, by submitting activity reports, certified minutes of the sessions, recommendations for project and program quality improvement, evaluation and assessment of project and program impacts, and by providing opinions on individual activities, projects and programs of the Association.

In order to determine the facts, the Association's Programming Board, or any of its members, is entitled to ask to access the project and program documentation, i.e. the Association's Register of Decisions and Governance Acts, as well as the administrative acts themselves, to ask for written statements of the Association's Executive Board members, and to convene Reporting Sessions of the Executive Board.

In the cases of requests to convene a Reporting Session of the Association's Executive Board, the Executive Board must convene a session within 45 days of receipt of request to convene a session of the Association's Executive Board.

Should the Association's Executive Board fail to convene a Reporting Session within the deadline upon proposal by the members of the Association's Programming Board, the Supervisory Board may request from the Association's Assembly to recall the members of the Association's Executive Board.

The decisions, opinions and requests of the Association's Programming Board are adopted by a majority of votes and in agreement with the Association's Executive Board. In the event of disagreement, any member of the Association's Programming Board may give a separate written opinion, which shall be discussed at the first subsequent session of the Association's Assembly.

The Association's Programming Board may not intervene in the daily activities of the Association's Executive Board, nor interfere with the work of the Association in any other way. The Association's Programming Board may analyze and evaluate projects and programs, or activities as a whole, but cannot interfere with the implementation of activities that are in the remit of the Association's Executive Board.

If necessary, the Association's Programming Board can analyze contracts and other acts signed by authorized persons and bodies on behalf of the Association, and control the performance of signed contracts, however, it cannot intervene in the contract performance activities, nor can it amend or ask for amendment upon signature and obligations assumed therein.

Members of the Association's Programming Board can report to the Association's Assembly about their opinions and positions, and in cases of suspected serious violation of law, to the competent government authorities, but they cannot disclose their findings to the public, nor undertake actions that would harm the activity and reputation of the Association, without the special authorization of the competent bodies of the Association.

The Association's Programming Board may not dispose with the information from the Association's Corruption Monitoring and Documentation Department, which can be accessed only by the authorized officers of the Association, unless stated otherwise by these Articles of Association and by the general and governance acts of the Association.

In the event of abuse of office or violation of the Association's governance acts or these Articles of Association, by any member of the Association's Programming

Board, the Programming Board, or any member thereof, can be recalled or relieved of duty.

A request to relieve of duty the Association's Programming Board, or any member thereof, in any of the events stipulated herein, may be submitted to the Association's Assembly by the Association's Executive Board, or by the Assembly President.

In the event that the Association's Programming Board or any member(s) thereof are relieved of duty, new member(s) of the Board must be elected no later than within 180 days of dismissal.

8. ETHICS COMMITTEE

Article 27

The Ethics Committee of the Association is the main decision-making body of the Association's Assembly for all ethical considerations of the bodies and members of the Association.

The Ethics Committee consists of three members elected by the Assembly from among the Permanent Deciding Members of the Association *ad hoc*.

Upon the proposal by the Assembly President, the Association's Executive Board or the Association's Supervisory Board, the Ethics Committee of the Association will:

- decide on the disciplinary measures against the Association members, bodies or members of the Association's bodies, in the event of violation of these Articles of Association and of other general acts of the Association;
- give sanction proposals to the Assembly: reprimand and recommendation in case of less serious violations or expulsion, recall or relief from duty of a member or of the entire body in the case of more serious violations; and
- provide recommendations for the correction of incurred damage.

In their work, members of the Association's Ethics Committee must be guided by the benefit of the Association, public interest, law, these Articles of Association, and general or governance acts of the Association, as well as by the vision, mission and objectives of the Association, the highest ethical standards in the work of civil society organizations, and the understanding of the fundamental activities of the Association as described herein, and contractual obligations.

Members of the Ethics Committee cannot be at the same time members of any bodies that are being decided upon.

By way of exception, when the circumstances demand it, persons not involved in the work of the Association can become a member of the Ethics Committee, upon proposal by the Assembly President.

In the cases when a person not involved in the work of the Association is elected as member of the Ethics Committee, such person has an obligation to sign a confidentiality and impartiality clause before they assume office.

The decisions of the Ethics Committee are reached by consensus, and when consensus is not possible, by voting with an option for a dissenting member of the Ethics Committee to present a separate opinion to the Association's Assembly.

The findings, opinions and recommendations of the Ethics Committee are decided upon by the Assembly with a two-thirds majority vote.

VII. WORKING BODIES

Article 28

Within their rights and obligations, the Assembly and the Executive Board of the Association can establish their working bodies and adopt their rules of procedure in accordance with the actual needs.

Working bodies draft reports on their remit to the Association's Assembly, the Executive Board and the President of the Assembly, and propose solutions for given problems, initiate, facilitate and expedite the implementation of the Association's objectives and tasks.

VIII. ASSOCIATION'S ASSETS

Article 29

The assets of the Association comprise monetary assets, fixed assets, movables and other property and intellectual property rights. The assets of the Association are acquired by: donations made by domestic and foreign natural and legal persons, revenue generated by permissible (registered) economic activity, income generated from the Association's assets and property rights, in accordance with law.

Article 30

The Association is liable with all of its assets.

Any profit generated by the Association's engagement in a permissible economic activity or from its assets, will be used by the Association to carry out and improve its activities which serve to further its goals.

Article 31

In the event of termination of the Association's activity, the assets of the Association will become the property of an association or associations with similar objectives and activity, subject to a decision of the Association's Assembly at its final session.

IX. FINAL PROVISIONS

Article 32

These Articles of Association come into force as of the day of their entry in the Register of Associations kept by the state administration body competent for registration.

Article 33

The Association terminates its activity pursuant to a decision of the Assembly or in other cases as provided by law.

Article 34

Nothing herein shall be construed in a manner contrary to the Association's interests and the public interest.

Article 35

An authentic interpretation of the provisions hereof and of other general acts is provided by the Assembly at its session, and in between its sessions, by the Association's Executive Board.

Authorized representative:

Sandra Gajić

Finance Director