

BYLAWS
OF
FRIENDS OF TRANSPARENCY INTERNATIONAL

Effective: _____

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BYLAWS
OF
FRIENDS OF TRANSPARENCY INTERNATIONAL

ARTICLE I

Offices

Section 1. Registered Office. The registered office of Friends of Transparency International (the “Corporation”) in the State of Minnesota shall be as stated in the Articles of Incorporation of the Corporation (the “Articles”), or such other place within the State as the Board of Directors may designate from time to time.

Section 2. Principal Office. The principal office of the Corporation shall be at such place as the Board of Directors shall designate from time to time. The business of the Corporation shall be transacted from the principal office, and the records of the Corporation shall be kept there.

ARTICLE II

Members

Transparency International shall be the sole voting member (the “Member”) of the Corporation. It shall evidence its actions as Member by delivering to the Corporation a written action signed on its behalf by an officer of Transparency International.

ARTICLE III

Reserved Rights of the Member

The Member shall elect the Board of Directors and remove Directors at any time, with or without cause, as set forth in Article IV below. In addition, the Corporation may not take any of the following actions without receiving Member approval:

- (a) Amend the Articles of Incorporation or these Bylaws;
- (b) Purchase or acquire substantially all of the assets of another entity or merge, consolidate with any domestic or foreign organization or lease or sell more than fifty percent (50%) of the Corporation’s property and assets to any entity in any one transaction or series of related transactions;
- (c) Loan money or other assets to or guarantee the obligations of any person or entity.
- (d) Substantially change the present or now intended nature of the Corporation’s operations; or
- (e) Voluntarily dissolve.

The Member shall not have any right or authority to direct the expenditure of Corporation assets, which authority is vested solely in the Corporation's Board of Directors.

ARTICLE IV

Board of Directors

Section 1. General Powers. The business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors. In addition to the powers conferred upon the Board of Directors by these Bylaws, the Board of Directors may exercise all powers of the Corporation and perform all acts which are not prohibited to it by law, by the Articles or by these Bylaws, all as may be amended.

Section 2. Number. The Board of Directors of the Corporation shall be composed of not less than five (5) Directors, as determined from time to time by the Member. No decrease in the number of Directors pursuant to this section shall effect the removal of any Director then in office.

Section 3. Qualifications. Directors may only be adult natural persons. Each Director shall demonstrate his or her willingness to accept responsibility for governance and his or her availability to participate actively in governance activities. Directors shall be selected to bring a variety of interests and expertise to the Corporation.

Section 4. Term of Office and Election. Directors shall be appointed by the Member to serve three (3) year terms. The Board of Directors shall be divided into three (3) groups of Directors, based on the length of the term to be served by such Directors, so that the terms of office of approximately one-third of the Directors shall expire each year. A Director shall serve until his or her term expires at the annual meeting of Directors at which the Director's group must stand for reelection and until a successor is elected and qualified, or until the earlier death, resignation, removal or disqualification of the Director.

Section 5. Vacancy. A vacancy in the office of a Director shall be filled by the Member or may be left vacant at the discretion of the Member, so long as the number of Directors does not fall below the minimum set forth in Section 2 above. A Director elected to fill a vacancy shall hold office for the remainder of the unexpired term of his or her predecessor and until his or her successor shall be elected and qualified.

Section 6. Removal of Directors. A Director may be removed, at any time, with or without cause, upon the affirmative vote of a majority of all Directors then in office, excluding the Director proposed for removal, or by the Member.

Section 7. Resignation. A Director may resign at any time by giving written notice of such resignation to the Secretary of the Corporation. Such resignation shall be effective upon delivery, unless a later date is specified in the notice.

Section 8. Compensation. Directors shall not receive compensation for acting as such, but Directors shall be entitled to reasonable compensation for other services rendered to the

Corporation in furthering the purposes of the Corporation as set forth in the Articles. The Corporation may pay or reimburse reasonable expenses of Directors incurred in the performance of their duties as Directors. The Corporation shall be entitled to purchase officers' and Directors' liability insurance without obtaining reimbursement of all or any part of the premium without violating these Bylaws.

ARTICLE V

Meetings of the Board of Directors

Section 1. Place and Time of Meetings. The Board of Directors may hold its annual, regular and special meetings at such places, within or without the State of Minnesota, as determined by the Chair of the Board of the Corporation or his or her designee unless the Board of Directors determines otherwise. The Board of Directors may determine that one or more meetings of the Board of Directors shall be held solely by means of remote communication pursuant to Section 9 below. Such authorization may be general or confined to specific instances.

Section 2. Annual Meetings. The Board of Directors shall hold an annual meeting. At each annual meeting, the Board of Directors shall elect members of the Board of Directors in such numbers as required or permitted by the Articles and these Bylaws, shall elect officers and shall conduct such other business as may properly come before it.

Section 3. Regular Meetings. In addition to the annual meeting, the Board of Directors shall hold regular meetings as the Chair of the Board, or his or her designee, shall determine. At each regular meeting, the Board of Directors shall conduct such business as may properly come before the meeting.

Section 4. Special Meetings. Special meetings of the Board of Directors may be called by: (a) the Chair of the Board, or (b) upon written request of any two (2) or more Directors of the Corporation. A person entitled to call a special meeting of the Board of Directors may make a written request to the Secretary to call the meeting. The Secretary shall give written notice of the meeting in the manner provided below, and the meeting shall be held between three (3) and fourteen (14) days after receipt of the request to call a special meeting. If the Secretary fails to give notice of the meeting within three (3) days from the day on which the request was received by the Secretary, the person or persons who requested the special meeting may fix the time and place of meeting, and give notice thereof.

Section 5. Notice of Meeting. Not less than ten (10) days' written notice of the annual meeting of the Board of Directors, excluding the day of the meeting, shall be given to all Directors. Said notice shall include proposed agenda items, but the failure to include an agenda item in the notice shall not prevent action from being taken with respect to such item.

Not less than five (5) days' written notice of a regular meeting and three (3) days' written notice of a special meeting of the Board of Directors, excluding the day of the meeting, shall be given to all Directors. No notice of any meeting, regular or special, need state the purpose of the

meeting except as may be specifically required by these Bylaws or otherwise required by law. Notice of a meeting at which an amendment to the Articles of the Corporation will be proposed must contain the substance of the proposed amendment.

Notice shall be delivered personally, sent by facsimile communication, sent by electronic mail, posted on an electronic network together with a separate notice to the Director of the specific posting, mailed, first class, postage prepaid, or such other methods as are fair and reasonable as determined in the sole discretion of the Secretary of the Corporation.

Notwithstanding the foregoing, no written notice of any meeting of the Board of Directors is required if the date, time and place of the meeting was announced at a previous meeting of the Board. Any Director may waive notice of any meeting of the Board of Directors in writing before, at or after a meeting. The attendance of a Director at any meeting shall constitute a waiver of notice of such meeting, unless he or she objects at the beginning of the meeting to the transaction of business because the meeting is not lawfully called or convened and does not participate in the meeting.

Section 6. Quorum and Voting. The presence of a majority of the members of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board of Directors, but the Directors present at any meeting, although less than a quorum, may adjourn the meeting from time to time. If a quorum is present when a duly called or held meeting is convened, the Directors present may continue to transact business until adjournment, even though the withdrawal of Directors originally present leaves less than the proportion or number otherwise required for a quorum. Participation in a meeting by remote communication pursuant to Section 9 below constitutes presence at a meeting. At any meeting of the Board of Directors, except as otherwise provided in the Articles or these Bylaws, each Director present at the meeting shall be entitled to cast one (1) vote on any question coming before the meeting. Except as otherwise provided in these Bylaws, a majority vote of the Directors present at any meeting, shall be sufficient to transact any business. Proxy voting shall not be permitted.

Section 7. Rules of Procedure. The Board of Directors may adopt or establish rules of procedure for conducting meetings provided such rules are not inconsistent with the Articles, these Bylaws or Minnesota law. In the absence of Board action the Chair of the Board may establish rules of procedure for conducting meetings provided such rules are not inconsistent with the Articles, these Bylaws or Minnesota law.

Section 8. Action without Meeting. An action required or permitted to be taken at a Board Meeting may be taken by written action signed by the number of Directors that would be required to take the same action at a meeting at which all Directors were present; provided that a written action requiring Member approval must be signed by all Directors then in office. A written action is effective when it is signed by the necessary number of Directors unless a different effective time is provided in the written action. For purposes of this Section, an electronic signature satisfies the requirement of a signature so long as the electronic communication containing the electronic signature sets forth sufficient information from which the Corporation can reasonably conclude that the communication was actually sent by the purported sender.

Section 9. Remote Communications for Board Meetings. One or more Directors may participate in a meeting of the Board of Directors by means of a conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other. Alternatively, if authorized by the Board of Directors, any meeting among Directors may be conducted solely via conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other.

ARTICLE VI

Officers

Section 1. Number. The Corporation shall have the following officers: (a) a Chair of the Board; (b) a Secretary; and (c) a Treasurer; and may have an Executive Director. Officers must be natural persons that the Board of Directors elects or appoints. Subject to these Bylaws, the Board of Directors may also elect or appoint one or more additional officers or assistant officers as it may deem convenient or necessary. Except as provided in these Bylaws, the Board of Directors shall fix the powers and duties of all officers.

Section 2. Election and Term of Office. All officers of the Corporation except the Executive Director, if any, shall be elected annually by the Board of Directors. Officers of the Corporation shall hold office at the discretion of the Board of Directors and, except for the Executive Director shall be Directors of the Corporation. An officer shall hold office until his or her successor shall have been elected or until his or her prior death, resignation or removal from office as hereinafter provided. An individual may hold more than one office of the Corporation at the same time.

Section 3. Removal and Vacancies. Any officer appointed by the Board of Directors shall hold office at the pleasure of the Board of Directors and may be removed at any time, with or without cause, by a resolution approved by the affirmative vote of a majority of all Directors. Any vacancy in an office of the Corporation shall be filled by action of the Board of Directors. The removal of any individual as an officer of the Corporation shall not automatically affect such individual's employee status with the Corporation.

Section 4. Chair of the Board. The Chair of the Board shall preside or appoint a designee to preside at meetings of the Board of Directors and shall perform such other duties as may be prescribed by the Board of Directors from time to time. If there is no Executive Director, or there is a vacancy in the office of the Executive Director, the Chair of the Board shall exercise the duties of the Executive Director.

Section 5. Secretary. The Secretary shall be responsible for ensuring that all actions and the minutes of all proceedings of the Board of Directors are recorded in a book to be kept for that purpose, and shall be responsible for all documents and records of the Corporation, except those connected with the office of the Treasurer. He or she shall give or cause to be given any required notice of meetings of the Board of Directors, and shall mail to all Directors within thirty (30) days after each meeting copies of all said actions and minutes of said proceedings, and shall

perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

Section 6. Treasurer. Unless provided otherwise by a resolution adopted by the Board of Directors, the Treasurer shall be chief financial officer of the Corporation, shall ensure accurate financial records for the Corporation are kept, shall ensure all moneys, drafts, and checks in the name of and to the credit of the Corporation are deposited in such banks and depositories as the Board of Directors shall designate from time to time, shall endorse for deposit all notes, checks, and drafts received by the Corporation as ordered by the Board of Directors, making proper vouchers therefor, shall oversee the disbursement of corporate funds and issuance of checks and drafts in the name of the Corporation as ordered by the Board of Directors, shall render to the Chair of the Board and the Board of Directors, whenever requested, an account of all such officer's transactions as Treasurer and of the financial condition of the Corporation, and shall perform such other duties as may be prescribed by the Board of Directors from time to time. The Board of Directors may delegate the responsibilities of the Treasurer to one or more employees or agents of the Corporation, provided, however, that such individual(s) shall be subject to the oversight and control of the Treasurer. The Treasurer shall at all times retain the ultimate responsibility for the financial affairs of the Corporation.

Section 7. Executive Director. Unless provided otherwise by a resolution adopted by the Board of Directors, the Executive Director shall have general active management of the business of the Corporation, shall see that all orders and resolutions of the Board of Directors are carried into effect, shall sign and deliver in the name of the Corporation any deeds, mortgages, bonds, contracts, or other instruments pertaining to the business of the Corporation, except in cases in which the authority to sign and deliver is required by law to be exercised by another person or is expressly delegated by the Articles, these Bylaws, or the Board of Directors to some other officer or agent of the Corporation, may maintain records of and certify proceedings of the Board of Directors, and shall perform such other duties as may from time to time be prescribed by the Board of Directors. The Executive Director shall have the general powers and duties generally vested in the office of a president of a nonprofit corporation and shall have such other powers and perform such other duties as the Board of Directors may prescribe from time to time.

ARTICLE VII

Committees

Section 1. Committees. The Board of Directors may establish one or more committees as may be specified in resolutions approved by the affirmative vote of a majority of the Directors in office. Such committees shall have the authority of the Board of Directors in the management of the business of the Corporation to the extent provided in resolutions approved by a majority of the Directors currently holding office. Such committees, however, shall at all times be subject to the direction and control of the Board of Directors. Committee members must be natural persons.

Section 2. Ex Officio Member. The Chair of the Board, or representative appointed by the Chair of the Board, shall be an *ex officio* member, without voting rights, of each committee of the Corporation.

Section 3. Committee Procedures. The provisions of these Bylaws shall apply to committees and members thereof to the same extent they apply to the Board of Directors and Directors, including, without limitation, the provisions with respect to meetings and notice thereof, absent members, written actions and valid acts. Each committee shall keep regular minutes of its proceedings and report the same to the Board of Directors.

ARTICLE VIII

Fiscal Matters

Section 1. Accounting Year. The accounting year of the Corporation shall be the calendar year.

Section 2. Contracts. The Board of Directors may authorize such officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation, and such authority may be either general or confined to specific instances. Contracts and other instruments entered into in the ordinary course of business may be executed by the Chair of the Board of Directors or, in the absence of or pursuant to a delegation by the Chair of the Board of Directors, by such officer designated to act in the place of or in the absence of the Chair of the Board of Directors, without specific Board of Directors authorization.

Section 3. Loans. No loans shall be contracted on behalf of the Corporation, and no evidence of indebtedness other than checks, drafts or other orders for payment of money issued in the ordinary course of business shall be issued in its name unless authorized by the Board of Directors of the Corporation. Such authorization and approval may be general or confined to specific instances.

Section 4. Checks, Drafts, Etc. All checks, drafts or other orders for the payment of money issued in the name of the Corporation shall be signed by such officer or officers, agent or agents of the Corporation and in such manner as shall be determined by resolution of the Board of Directors or by the Chair of the Board or Treasurer upon delegation by the Board of Directors.

Section 5. Deposits. All funds of the Corporation not otherwise employed shall be deposited from time to time to the credit of the Corporation in such banks, trust companies or other depositories in the United States as the Board of Directors or the Chair of the Board of Directors or Treasurer upon delegation by the Board of Directors may select.

Section 6. Maintenance of Records; Audit. The Corporation shall keep at its principal place of business correct and complete copies of its Articles and Bylaws, accounting records, voting agreements, and minutes of meetings of the Board of Directors, and committees having any of the authority of the Board of Directors for the last six (6) years. All such other records

shall be open to inspection upon the demand of any member of the Board of Directors of the Corporation. The Board of Directors shall cause the books and records of account of the Corporation to be audited by certified public accountants, to be selected by the Board of Directors, at such times as the Board of Directors deems appropriate, and at least once in each fiscal year at such time as the Corporation has \$750,000 or more in annual revenues.

Section 7. Corporate Seal. The Corporation shall have no corporate seal.

ARTICLE IX

Indemnification

The Corporation shall indemnify its officers, Directors, committee members, and employees against judgments, penalties, fines, including without limitation, excise taxes assessed against the person with respect to an employee benefit plan, settlements, and reasonable expenses, including attorneys' fees, and disbursements incurred by such persons in connection with a proceeding in which they are or are threatened to be made a party by reason of their action on behalf of the Corporation. In order to avail himself or herself of this indemnification provision, however, a person must: (1) not already be indemnified by another organization in connection to the same proceeding and the same acts or omissions; (2) have acted in good faith with respect to the acts or omissions complained of; (3) have received no improper personal benefit; (4) in the case of a criminal proceeding, have had no reasonable cause to believe his or her conduct was unlawful; (5) in the case of a civil proceeding, have reasonably believed that he or she was acting in the best interests of the Corporation.

ARTICLE X

Conflict of Interest

Section 1. Policy. It shall be the policy of the Corporation that all officers, Directors, and committee members thereof shall scrupulously avoid any conflict between their own respective individual interests and the interests of the Corporation in any and all actions taken by them on behalf of the Corporation in their representative capacities. Officers, Directors, and committee members shall comply with all governmental statutes, ordinances and regulations, including, but not limited to compliance with Minnesota law governing conflicts of interest, Minnesota Statutes Chapter 317A.251, or any successor statute thereto.

Section 2. Definitions. The following are considered a "direct or indirect interest or a relationship" which would trigger this Conflict of Interest Policy. As a result, the requirements of Section 3 below must be met if the Corporation is contemplating a transaction with any of the following, but these procedures do not apply to grants or other transactions between the Corporation and its Member:

- a. an officer, Director, or person in a position to exercise substantial influence over the affairs of the Corporation, or a member of the family of such person (a member of the

family is a spouse, parent, child, spouse of a child, brother, sister, or spouse of a brother or sister);

b. an organization in which an officer, Director or person in a position to exercise substantial influence over the affairs of the Corporation, or a member of the family of such person, is a Director, officer, or legal representative; or

c. an organization in which an officer, Director, or person in a position to exercise substantial influence over the affairs of the Corporation, or a member of the family of such person, has a material financial interest.

Section 3. Procedures. The Corporation may enter into a transaction involving a Conflict of Interest *if any of the following are true:*

a. Fairness and Reasonableness: The contract or transaction was fair and reasonable to the Corporation. Whether a contract or transaction is fair and reasonable to the Corporation will be determined by looking to the time the contract or transaction was authorized, approved or ratified. The party asserting the validity of the contract or transaction has the burden of establishing the contract or transaction's fairness and reasonableness to the Corporation.

b. Disclosure of Material Facts to Board: The material facts about both the contract or transaction and a Director's interest in the contract or transaction are either fully disclosed or known to the board or a committee of Corporation. In such cases, the contract or transaction must be authorized, ratified, or approved in good faith by a majority of the board or committee. The vote of any interested Director does not count for purpose of determining what constitutes a majority vote, and the presence of any interested Director at a meeting at which such a vote is taken does not count in determining the presence of a quorum.

If this Section 3 is satisfied, a Director of the Corporation may be a party to the contract or transaction and may be present at the meeting at which the contract or transaction was authorized, approved, or ratified, but may not vote on approving such transaction.

Section 4. Compensation. A voting member of the Board whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Corporation for services is precluded from voting on matters pertaining to that member's compensation. When establishing the compensation of any officer, Director or other individual in a position to exercise substantial influence over the affairs of Corporation, the Board shall approve such compensation in advance of its payment, obtain and rely on appropriate data as to comparability (such as compensation surveys) prior to making its decision, document in writing the date and terms of the approved compensation arrangement, record in writing the decision made by each individual Director who voted on the compensation arrangement, and document the basis for such decision.

Section 5. Publication of Policy. A copy of this statement shall be furnished to each officer, Director, or committee member who is presently serving the Corporation or who may hereafter become associated with the Corporation. This policy shall be called to the attention of the Board of Directors of the Corporation, at least annually at a regular meeting thereof, and such action shall be recorded in the minutes of such meeting.

ARTICLE XI

Policy on Grants to Foreign Organizations

Section 1. Policy. When the Board of Directors determines that the Corporation's charitable purposes can be furthered by granting funds to foreign organizations, the Corporation may make grants for purposes that it has reviewed and approved. The determination of whether to make such grants or contributions is within the exclusive power of the Board of Directors of the Corporation.

Section 2. Procedures. Requests for grant funding shall be submitted in writing from potential grantees and must specify the use of the requested funds. Such requests will be submitted to the Board of Directors. The Board shall review all requests for funds and approve or reject the requests. If a grant is approved, the Board may fund such grant out of any funds it so designates. The Board shall retain absolute power to withdraw its support of any grant, for any reason, at any time. Requests for funds in excess of a grant approved at the time of a Board meeting shall be submitted separately (in writing) for consideration by the Board. Requests for grant funding and supplemental submissions for additional funds may be in the form of an email, fax, letter, or more formal grant application as the Board may determine from time to time.

The Corporation will maintain control and responsibility over the use of any funds granted to a foreign organization by periodic field investigations of the purpose to which the funds will be put, by entering into a written agreement with the recipient organization, and by requiring a periodic accounting of the use of granted funds. The Corporation may also require additional reports and may make additional field investigations in its discretion to ensure moneys are spent as specified.

The Board shall not accept any contributions from any donor that require the Corporation to contribute or transmit such contribution solely to any named foreign organization. The Board may solicit contributions for specific projects approved by the Board only upon the condition that the Board shall have full control and discretion at all times as to the use to be made of the contributions by the Corporation.

ARTICLE XII

Amendments

The Corporation's Articles and these Bylaws may be altered, amended or restated by the Board of Directors to omit or include any provision which could be lawfully omitted or included at the time of such amendment, provided that the Member of the Corporation shall approve all

such amendment(s) before the same shall become effective. Any number of amendments, or an entire revision or restatement of the Articles or Bylaws, may be voted upon at a meeting of the Board of Directors or approved by action in writing where due notice of the proposed amendment has been given and shall be adopted upon the affirmative vote of a majority of all Directors entitled to vote on the proposed amendment or revision and upon the approval of the Member of the Corporation.

CERTIFICATION

The undersigned, as Secretary of Friends of Transparency International, a Minnesota nonprofit corporation, hereby certifies that the foregoing Bylaws of the Corporation were adopted by the Board of Directors on _____, 2013 and approved by the Member on _____, 2013.

_____, Secretary

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