



**TRANSPARENCY  
INTERNATIONAL**  
LUXEMBOURG

**[Activity Report 2014](#)**

**[Financial Information 2014](#)**

**[Hotline](#)**



A PROPOS

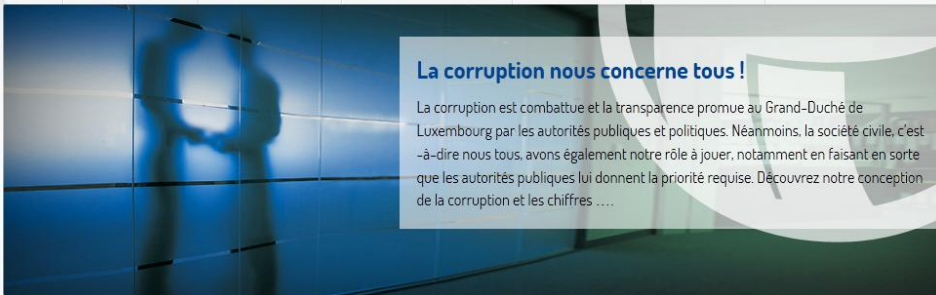
ACTUALITÉ

LA CORRUPTION

HOTLINE

PRESSE

DOCUMENTATION



### La corruption nous concerne tous !

La corruption est combattue et la transparence promue au Grand-Duché de Luxembourg par les autorités publiques et politiques. Néanmoins, la société civile, c'est -à-dire nous tous, avons également notre rôle à jouer, notamment en faisant en sorte que les autorités publiques lui donnent la priorité requise. Découvrez notre conception de la corruption et les chiffres ....



### Venez découvrir qui nous sommes et ce que nous faisons

Transparency International Luxembourg est le Chapitre luxembourgeois de Transparency International, mouvement mondial de lutte contre la corruption. Nous sommes une asbl de droit luxembourgeois indépendante et avons comme objectif de promouvoir la transparence, de lutter contre la corruption et de promouvoir les acquis et les atouts du Grand-Duché de Luxembourg au plan international. Venez découvrir qui nous sommes, ce que nous faisons et ce que proposons à nos membres.



### L'actualité va vite, prenons le temps de revenir sur l'essentiel qui touche à la corruption

Nous éditons une revue de presse dans le but de ne pas laisser passer les événements importants qui touchent de près ou de loin la corruption. Nous vous invitons à la consulter, tout comme nos prises de positions officielles et autres communiqués de

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## Introduction

TI Luxembourg has now been in existence for nearly 6 years. As an organization, we have covered much ground.

We have covered ground as an organization in as much as we have grown steadily over the last 6 years, both in terms of human resources and in terms of financial resources.

The organization has become better known. Its opinion is regularly sought and often heard. Other NGOs as well as governmental and state institutions are looking for our organization's input.

Our organization is now a well respected member of the TI world-wide movement. The quality as well as the quantity of our work has increased.

Systemic changes in the right direction have taken place in Luxembourg. Many of these are being mentioned within this report.

While all of this is good news, we must realize that our organization is now in a consolidation phase where it must find and consolidate its resources so as to become sustainable.

While our financing to this stage was largely dependent on donations and EU projects and while we remain ever grateful to these donors as well as to these European projects and while we hope that the donors will continue to support us and our cause and while we will continue to participate in EU projects, our organization must find ways to finance its activities on the market in a sustainable and independent way. This is of course a huge challenge that lies before us and the next Board of Directors.

We have made a slight loss during the year 2014 and need to recover from this loss. The current Board has cut some of its running expenses and might need to reduce its human resources, which has an immediate effect on work performed.

At the same time, some of our organization's founding members have been board members since its inception. It is certainly not in an organization's best interest if the same persons remain in place forever and our organization must prepare itself for a progressive renewal of board members and of its chair.

In order to allow a progressive transition into a sustainable organization, we will start off at this year's general meeting with certain changes to our articles of association removing some obstacles built-in at the time to protect our then nascent organization from outside attacks. We have also started certain business initiatives that we hope will create a more sustainable organization.

As before we continue to face challenges not only to increase our member base but also to implicate our members into our daily work. Much work needs to be done. Let's do it together.

Yann Baden

President of TI Luxembourg

# **I. Activities during the year 2014**

## **1. Meetings of the Board of Directors**

During the year 2014 five formal Board meetings were held. The dates of the meetings were as follows:

13 February 2014

27 March 2014

22 May 2014

10 July 2014

20 November 2014

Further informal meetings and discussions were held. The members of the Board of Directors were:

Mr Yann Baden	Chair
Mrs Marguerite Ries	Vice-chair
Mr Pascal Espen	Secretary
Mr Stephen Nye	Treasurer
Mr. Claude Schomer	Board member

## **2. Executive Director and staffing**

The Executive Director (Jean-Jacques Bernard) has been joined by a part time Legal Counsel (Ms. Alice Guidal) in April 2013. She is part of the “Speak Up” EU Program (see relevant section 14 below).

Together with the other permanent staff (under ATI Government Program) the whole team of TI Luxembourg counts 4 permanent people (not all full time).

## **3. Annual General Meeting**

The ordinary Annual General Meeting of TI Luxembourg relating to the year 2013 was held on 22 May 2014 at “The Impactory” in Luxembourg (Boulevard Grande-Duchesse Charlotte).

The activity report 2013 and the financial statements for the year ending 31 December 2013 were both unanimously approved by the meeting. The meeting also appointed Mr. Christian Steichen as the internal auditor for the year ending 31 December 2014. All members of the Board of Directors of TI Luxembourg (Mrs. Marguerite Ries, Mr. Stephen Nye, Mr. Yann Baden, Mr. Pascal Espen and Mr. Claude Schomer) were reelected unanimously for the year 2014.

## **4. Luxembourg public authorities**

### **1. Ongoing relationship with the Luxembourg government**

As already reported, the relationship with the Luxembourg government normalized over the year 2012 and became a good working relationship over 2013. Contacts were made with the new Luxembourg government as a result of the October 2013 election and the good working relationship seems to be ongoing. In 2014 indeed, the Luxembourg government proved to be an interested partner.

TI Luxembourg met twice with the Minister of Justice in 2014, the first time to present its advocacy in February 2014 and the second time July 2014 to continue discuss specifics of the then soon to be implemented code of conduct for members of government. TI Luxembourg also contacted the Ministry of Justice to discuss a specific case which was then transferred to the relevant Ministry (please refer to the “Hotline” section for further details).

We are pleased to be seen as credible civil society partner by the Minister of Justice and to realize that our voice does count.

The new government has confirmed to continue to grant TI Luxembourg an annual subsidy of 15.000,00 €.

In addition to the Ministry of Justice, we had two interviews with the Infrastructure Ministry for a specific case coming from our hotline (as mentioned and developed in the relevant section).

The IGP (Inspection Générale de la Police) shared with us their annual report 2013 leading the way to a case by case cooperation within the limits of our respective prerogatives. This was followed in early 2015 by a meeting with the Inspecteur général, the Inspecteur général designated as well as most of the IGP’s staff.

## **2. Codes of Conducts**

TI Luxembourg has been pressing for enactment of codes of conducts at government, Parliament, municipal and public servant level since TI Luxembourg's inception. These topics seemed to have been part of the new Government agenda although on a new base.

In that respect, the code published in early 2013 has been replaced by a more robust and new Code of Conduct for the members of the Government in July 2014.

The Code of Conduct for MPs was adopted by the Parliament and is in effect since October, 29<sup>th</sup> 2014<sup>1</sup>. This Code is part of and has modified the internal rules of procedures of the Parliament.

By the beginning of 2015 a Code of Conduct for the members of the Conseil d'Etat was also enacted.

While we welcome these changes and enactments, we still note that there is an indisputable need to enact similar rules for local elected officials, civil servants of all ranks and public institutions ("établissements publics"). We will continue to advocate on this aspect to make sure that all public institutions in the country adopt such rules as principles of deontology.

## **3. Legislation on transparency**

TI Luxembourg welcomes different pieces of legislation enacted during the year 2014 and relating specifically to transparency as a means to fight corruption and similar crimes/wrongdoing.

On July 28th 2014, a statute was enacted reinforcing transparency in corporate structures. The bill was adopted in the wake of the recommendations of the Groupe d'Action Financière ("GAFI") in Luxembourg to implement the appropriate measures to ensure the transparency of shareholding for Luxembourg companies based on the fight against money laundering, and the fight against terrorism and tax fraud. Among the various options suggested by GAFI, the legislation chose to create a register of bearer shares so as to make the owner of bearer shares accessible<sup>2</sup>.

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<sup>1</sup> <http://www.legilux.public.lu/leg/a/archives/2014/0201/a201.pdf>

<sup>2</sup> <http://www.legilux.public.lu/leg/a/archives/2014/0161/a161.pdf#page=2>



On November 25<sup>th</sup> 2014, Parliament modified legislation governing the procedure of the exchange of information on request in tax matters<sup>3</sup>. This statute responds to criticism made by the Global Forum on Transparency and exchange in tax matters (emanation of the OECD) against Luxembourg, which had been declared "non-compliant" as part of the report on Tax Transparency 2013 published 22 November 2013.

The new law replaces the old regime and establishes an automatic exchange of information in tax matters. The procedure is now applicable to all requests for information in tax matters, even to those introduced under a tax treaty that does not reproduce the provisions of the OECD Model Tax Convention as amended in 2005 and thus does not admit the exchange of banking information or other information protected by secrecy rules.

TI Luxembourg welcomes the establishment of transparency in tax matters and notes that this is also in the sense of the recommendations of the TRAC report in 2014<sup>4</sup> which calls for the publication, country by country, of the financial flows and the local tax paid.

Finally, the “Réglement Grand Ducal relatif à la procédure applicable aux décisions anticipées rendues en matière d’impôts directs et instituant la Commission des décisions anticipées” was enacted on December 23<sup>rd</sup> 2014<sup>5</sup>, in part as an urgent answer to the « LuxLeaks » scandal.

The text clarifies the procedure for an advance ruling in tax matters, and establishes a commission dedicated to reviewing these requests.

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<sup>3</sup> <http://www.legilux.public.lu/leg/a/archives/2014/0214/a214.pdf>

<sup>4</sup> <http://www.transparency.lu/wp-content/uploads/2014/11/TRAC-Report-2014.pdf> please see section 10 of this report for details

<sup>5</sup> [http://www.impotsdirects.public.lu/legislation/legi14/Memorial-A---N\\_-264-du-29-decembre-2014.pdf](http://www.impotsdirects.public.lu/legislation/legi14/Memorial-A---N_-264-du-29-decembre-2014.pdf)

## **5. Accreditation – ongoing process**

TI Luxembourg has been accredited as full National Chapter by the relevant committees of TI-S on 4 November 2012. The accreditation is lasting until 2015 and certifies TI Luxembourg is complying with the high standards set by TI-S.

TI-S updated the re-accreditation process during the AMM held in Berlin on October 2013. In that respect, TI Luxembourg will have to renew its accreditation in December 2015 under the new regime.

The new regime is more demanding and will most certainly require an intensive effort from the staff and the Executive Director for the second half of 2015. It also implies that TI Luxembourg will have to detail its achievements over the last three years.

## **6. Fundraising and office**

TI Luxembourg undertakes continuous efforts to raise funds and donations in order to become more productive and more professional in its operations.

The income realized by TI Luxembourg has grown from a mere 2.250,00 € in 2010 to approx. 140.000€ in 2014 after a high of 150.000€ in 2013, thanks to private donations, government support and subsidies and more importantly EU Programs such as “Speak Up” that made up more than half of these amounts. However, and for the first time, TI Luxembourg is experiencing a loss for 2014 which must lead to painful decisions unless solutions and new resources are found. Both the loss experienced in 2014 and its related cash flow issues in 2015 are critical and may jeopardize TI Luxembourg’s existence.

TI Luxembourg is renting a small office space in 11C, Bd. Joseph II, Luxembourg. The office is open to the public at large during business hours (8.30 am – 12.30 and 13.30 – 17.30 generally) but mostly with an appointment to guarantee confidentiality of our visitors.

Due to the end of the EU Programs in 2015 (please see relevant section below), TI Luxembourg needs to increase its funding in order to continue its operations at the same level. In that respect TI Luxembourg is seeking other forms of funding (private sector, new members, new donators, etc ...) and is considering setting up a “Business Integrity Team” in 2015.

TI Luxembourg has also applied for two new EU Programs to start at the end of 2015 that could cover most of the operating costs if granted. The decision will occur by summer 2015. The survival of TI Luxembourg in its current perimeter is at stake if these projects are not confirmed.

## **7. Communication with its members**

TI Luxembourg has started in 2012 to publish a corruption related press review. This review has originally been disseminated to its members via e-mail. It is now both published on TI Luxembourg's Internet website ([www.transparency.lu](http://www.transparency.lu)) and sent to its members via e-mail. It is generally sent twice a month and focuses on the Corruption related articles both in Luxembourg and internationally.

TI Luxembourg has shared in March 2014 a new issue of its non-periodical "Corruption Newsletter" informing its members of its activities and updates. The aim is to use the newsletter as a general information document and to print a new issue as often as required. This newsletter was also disseminated (together with other documents and flyers) during the Festival des Migrations at LuxExpo (see below).

## **8. Communication with the public**

In order to promote its cause and familiarize the public with its activities, TI Luxembourg continued to meet with external stakeholders/partners, met with members and gave some interviews as follows:

### **Attendance of the 31<sup>st</sup> Festival des Migrations, de la Culture et de la Citoyenneté at LuxExpo 14/16 March 2014:**

For the first time in 2014, TI Luxembourg was present at the 31<sup>st</sup> "Festival des Migrations, de la Culture et de la Citoyenneté" and could meet with the public during these 3 days. The discussions were intense and very interesting, comforting us in our work and existence. We used that opportunity to disseminate our Newsletter and some flyers to the public.

### **Interviews (printed press, radio and television) :**

- 4 February 2014 : Yann Baden on radio 100,7 about the publication on February 3rd by the EU of the first Anti-Corruption Report ;
- 13 October 2014 : Yann Baden on D'Land about the "Cellule de Renseignement Financier" ;
- 5 November 2014 : Jean-Jacques Bernard about the publication of the 2014 TRAC report (Transparency on Corporate Reporting) ;
- 3 December 2014 : Claude Schomer on RTL TV about the publication of the Corruption Perceptions Index 2014.

### **Press releases :**

- 12 April 2014 : press release about the application of the EU Directive 2014/24 on public procurement ;
- 22 April 2014 : press release on the Anti-Corruption Pledge signed by MEP candidates upon TI Luxembourg's initiative ;
- 22 July 2014 : press release about the adoption of the "Projet de Code de Déontologie des Membres du Gouvernement" ;
- 6 november 2014 : press release about the "Luxleaks" case ;
- 3 December 2014 : press release on the publication of the Corruption Perceptions Index 2014.

### **Meeting with stakeholders / partners :**

- 6 February 2014 : Meeting with the Minister of Justice to present our advocacy on the whistleblowing legislation.
- 13 March 2014 : Meeting with the Minister of Infrastructures for a specific case.
- 3 July 2014 : Meeting with the Minister of Justice to work on files / our advocacy.
- 8 July 2014 : Meeting with the Ministry of Infrastructures as a follow up with a case.
- 24 September 2014 : lunch at the Rotary Club Bascharage to present our organisation and activities.

## TI Luxembourg mentioned in the media :

- 3 February 2014 : PaperJam : “Un code de déontologie toujours en souffrance”, about the release of the EU Anti-Corruption report ;
- 23 April 2014 : PaperJam :
  - “Directive Marchés Publics : Transparency satisfaite”, about the EU Directive on public procurement ;
  - “18 candidats s’engagent contre la corruption”, about the Anti-Corruption pledge signed by MEP candidates upon TI Luxembourg’s initiative ;
- 22 July 2014 :
  - PaperJam : “Projet de code de déontologie des membres du Gouvernement” ;
  - RTL.lu : “Code de Deontologie, Ministeren: Irreprochabel an am "Intérêt général" handelen”, about the code of conduct adopted for the members of the Government ;
- 23 July 2014 : Luxemburger Wort : “Transparency lobt die Regierung”, about the code of conduct adopted for the members of the Government.

## **9. OECD Progress Report**

As in the past, TI Luxembourg has been cooperating with TI-S on its OECD Progress Report. TI Luxembourg is of the opinion that the report is seriously flawed conceptually and also in its details.

TI Luxembourg has raised these concerns in 2012 and renewed them since then with TI-S, to no avail. TI Luxembourg then informed the Luxembourg government of the concerns.

While the methodology has slightly changed in 2013, the most conceptual flaws remain. TI Luxembourg has again raised its concerns with TI-S in 2013 and in 2014.

TI Luxembourg is still participating in the report but is not promoting it.

## 10. Transparency International's TRAC Report 2014

TI Luxembourg supports the initiative of Transparency International as part of the promotion of professional integrity (Business Integrity). The TRAC report 2014<sup>6</sup> ranks, for the first time, the 124 largest corporate groups (selected according to the list compiled by Forbes magazine) and analyzes information which they make public in three specific areas:

1. anti-corruption program;
2. transparency in the group's organization (subsidiaries, establishments, branches and joint venture);
3. country by country reporting operations.

For the specific case of Luxembourg, only ArcelorMittal is included in the list and ranks 6th in the world out of the 124 groups studied.

TI Luxembourg is supporting the voice of the movement on that matters and agrees with the statement of the new President of TI S, Mr. José Ugaz when he says :

*“Companies have to provide more information on their financial operations. Transparency allows citizens to find out the extent of a company's operations in their country. It is also essential to follow money flows between governments and companies, which can be subject to corruption”* said Ugaz<sup>7</sup>.

TI Luxembourg is currently considering establishing a national equivalent of the TRAC report, targeting Luxembourg's biggest employers at least for the first one or two points. It is however a matter of resources to finalize that study which does not rank at the top of our priorities.

## 11. Cooperation with TI-S and the Network

We have a permanent connection with TI-S. This includes regular conference calls, emails and several international meetings which were attended by a representative of TI Luxembourg. Some meetings involved limited number of Chapters as they were linked with the Speak Up project (see section 14), but some were for the whole movement.

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<sup>6</sup> <http://www.transparency.lu/wp-content/uploads/2014/11/TRAC-Report-2014.pdf>

<sup>7</sup> [http://www.transparency.lu/wp-content/uploads/2014/11/TRAC\\_FINAL.pdf](http://www.transparency.lu/wp-content/uploads/2014/11/TRAC_FINAL.pdf)

Jean-Jacques Bernard attended the Annual Membership Meeting (AMM) of TI held from 17 October until 19 October 2014 in Berlin. He could then vote in the name of TI Luxembourg as Official Chapter Representative. He also participated in different workshops and conferences held during these events. This annual meeting is of prime importance for all Chapters since it is the only place where representatives from all countries can meet and exchange. At this specific AMM, the seat of the Chair and the Vice-Chair of the movement were to be renewed because of the coming to term of both mandates. Mr. José Ugaz (lawyer from Peru) was elected Chair of the board and Ms. Elena Panfilova (founder of TI Russia) was elected Vice-Chair<sup>8</sup>. This election is the first step of the new Strategy which will be discussed among Chapters. It is then of prime importance that TI Luxembourg is still in constant relationship with TI-S. TI Luxembourg is also supporting as best it can some requests from different Chapters which are investigating transnational cases.

## **12. Corruption Perceptions Index 2014**

Transparency International has released on December 3<sup>rd</sup>, 2014 the new version of its "Corruption Perception Index 2014 "(ICC 2014) worldwide. This index is the result of the score awarded by independent bodies in each of 175 countries. Over two thirds of the 175 countries studied in the 2014 index score below 50, on a scale from 0 (perceived to countries highly corrupt) to 100 (the country perceived as very few corrupt).

Concerning our country, the results are better than previously as the Grand-Duchy of Luxembourg is placed as 9th best in the world and wins 2 places, up from 11th to 9th. In terms of Western Europe, Luxembourg remains at the 7th place. Luxembourg progresses indeed by two places in the ranking and gets a score of 82 improved by 2 points on the edition 2013. This improvement is to the detriment of Canada and Australia, and should not make us forget that Denmark who ranks 1st gets a score of 92. Luxembourg can and should make some progress.

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<sup>8</sup> [http://www.transparency.org/news/pressrelease/jose\\_ugaz\\_elected\\_chair\\_of\\_transparency\\_international](http://www.transparency.org/news/pressrelease/jose_ugaz_elected_chair_of_transparency_international)

Transparency International Luxembourg welcomes this excellent result that places Luxembourg in the "top ten" of the top ranked countries but insists that this classification on the one hand must be widely nuanced and secondly is not a blank check for the future.

The result of the 2014 CPI must be moderated for several reasons:

- As the name suggests, the CPI is an index of perception by the professional sector. It is therefore not measuring a definite result but the academic perception of such a result by independent bodies. There can therefore be significant differences between the perception of the result and the result itself. This divergence can be exacerbated in a small country where the phenomenon of corruption, influence peddling and respectively conflict of interest may be more subtle and less visible, or even less noticeable from abroad.
- The scores awarded by such independent bodies have been sought in early 2014 that is to say long before the "LuxLeaks" scandal broke. The impact of the latter is not yet quantifiable and TI Luxembourg reiterates its call for a national investigation whose results should be made public. TI Luxembourg also calls for transparent tax practices including "tax rulings" for all countries, including Luxembourg. At a time when the Exchange Act tax advisory information has been published on 27 November 2014, this will be in line with the recommendations of the TRAC report 2014 published on November 5 2014.

### **13. Advocacy and Legal Advice Center (ALAC) / Hotline**

TI Luxembourg has opened in December 2011 an ALAC in the form of an anti-corruption hotline.

While TI Luxembourg didn't expect too many calls to its hotline, TI Luxembourg was still surprised by the steady number of quality cases that have been referred. Meetings were held at different levels with callers and a more in-depth report of TI Luxembourg's findings is included hereafter.

Under the auspices of a EU financed project "Speak Up", TI Luxembourg was able to hire a part-time legal advisor for the hotline in early 2013 and under the same funding, the October



Promotional campaign on TV and Radio saw a boost in the number of cases but mostly an increase in their quality.

TI Luxembourg is still studying possibilities to offer further services to the private and public sector in this respect. So far the interest is present when we discuss this aspect with our partners.

The hotline can be reached under TI Luxembourg's internet site at the following addresses: [www.transparency.lu](http://www.transparency.lu), [www.transparence.lu](http://www.transparence.lu), [www.corruption.lu](http://www.corruption.lu), [www.korruption.lu](http://www.korruption.lu) and [www.korruptioun.lu](http://www.korruptioun.lu). The hotline can also be reached through its mail address at [info@transparency.lu](mailto:info@transparency.lu) or through its phone number 26 38 99 29.

#### **14. Speak Up : Replicating and Strengthening ALACs in Europe**

TI Luxembourg is participating, together with the Czech Republic, Greece, Hungary, Ireland, Latvia, Lithuania, Luxembourg in a second EU funded program which will run from end 2012 until end of March 2015. This program has started and the kick off meeting was held in 2013 for TI Luxembourg.

**Overall concept:** This project will deliver a new and specialised support service (ALACs) to corruption victims, witnesses and whistleblowers in two EU countries, as well as strengthen and expand services in five others. Based on citizen complaints, it will generate a unique set of qualitative and quantitative data on people's experiences of corruption across various EU countries, as well as on anti-corruption enforcement gaps. The project will mobilise European citizens to report corruption and to participate in bringing greater transparency to the workings of government. Campaigning to raise awareness of corruption and steps people can take to address it will be an integral part of the project.

##### **Activities:**

###### Providing Legal Advice and Support to People:

- Opening and running of *new Advocacy and Legal Advice Centres (ALACs)* in Greece and Luxembourg (this program is funding our Legal Adviser position and allowed the acquisition of our Server useful for our anonymous data collection although our hotline was already existing) ;

- Expanding and strengthening the work of *ALACs* in Ireland, Czech Republic, Hungary, Latvia, Lithuania.

#### Campaigning, Mobilisation and Advocacy for Change:

- National-level campaign and advocacy work to *encourage citizen engagement for transparency and against corruption*, aiming to achieve *concrete changes in policy and practice* to stop and prevent corruption (building on key issues identified in previous EC-funded projects (NIS, Whistleblowers, etc.);
- Producing *communications materials* (human interest stories, audio-visual products, campaigning materials) that offer a compelling account of citizen action for transparency and integrity.

#### Generating and Sharing Knowledge:

- Direct exchange of *practitioners across the project countries to share learning* on citizen engagement to detect and prevent corruption, within and beyond the TI network
- Integrating *new technology solutions* to facilitate citizen engagement and reporting of corruption (ALAC database, integration with mapping and other tools)
- Smaller-scale piloting of *quantitative and qualitative research* into people's perspectives on corruption in various EU countries, on the basis of citizens complaints

#### Mass Media campaign in Luxembourg for 2014:

In 2014, an advertising campaign was broadcasted in the RTL LETZEBUERG media and on Eldorado to promote the Anti Corruption Hotline and make the public aware of the necessity to speak up against corruption and seek guidance to TI Luxembourg. The following compiles the details of the broadcastings:

- RTL Télé Lëtzebuerg : one week in May, June, September and November ;
- RTL Radio Lëtzebuerg : one week in May, June, October and November ;
- Eldorado : one week in April, July, October and December.

This campaign was made to reinforce our existence and visibility in the media, and we consider it was a success as a majority of the callers of the Hotline explained they heard about us through this campaign. More details about the Hotline can be found in the “Hotline Report” section of this document.

#### Meetings and Travels for TI Luxembourg in 2014 linked with the project:

The Project involved several meetings of different kinds. There were the “update” meetings in which all the Chapters involved met to exchange on their implementation and received guidance from TI S dedicated team. These two meetings took place in Vilnius (4-8 February 2014) and in Prague (18-21 June 2014). The Project coordinator (Jean-Jacques Bernard) attended both meetings.

The project also involved “Best Practises” trips in which one Chapter was to visit another one with similarities. For TI Luxembourg, the first “Best Practise” trip was Dublin (TI Ireland) and the second was Berlin (aside of the AMM held in October 2014).

As for the Dublin Best Practise trip, it occurred on 25 and 26 September 2014. Part of our team travelled to visit Transparency International Ireland headquarters, accompanied by representatives of some other project member chapters (TI Greece, TI Portugal, TI Italy) and part of the dedicated Speak Up Team from TI S.

It was an opportunity to compare our skills and procedures and note that TI Luxembourg and Transparency International Ireland are on the same page in terms of vision, organization and services. Moreover, Ireland passed during summer 2014 a law on "protected disclosures" which is much more accomplished than the Luxembourg law of 13 February 2011 on the whistleblowers' protection.

TI Luxembourg believes that, like Ireland or the United Kingdom, Luxembourg needs to update its legislation to accompany the European movement and support the fight against corruption. The law of 13 February 2011 was a fundamental and important step, which in its time has allowed Luxembourg to be at the forefront. This is no longer the case and we must start working on the improvement of the current legislation. If some of the suggestions already implicitly parts of the current law, TI Luxembourg think legislation clearly supporting the overall set of rules for

the whistleblower is important to provide a general context and allow the whistleblower, generally non lawyer, to quickly understand all of its rights and obligations.

## 15. Internet presence

TI Luxembourg has been working heavily on a new and more professional internet presence. After much effort and with the help of a professional agency, the new internet site finally went online in the beginning of 2013, the bulk of the work being performed in 2012. It can now be reached through the following addresses: [www.transparency.lu](http://www.transparency.lu), [www.transparence.lu](http://www.transparence.lu), [www.corruption.lu](http://www.corruption.lu), [www.korruption.lu](http://www.korruption.lu) and [www.korruptioun.lu](http://www.korruptioun.lu).

The new site includes both the former chapter site and the former hotline site. We regularly measure our impact and the number of visits and are pleased to see that our website is more and more visited. We endeavour to keep it updated regularly.

TI Luxembourg's new main e-mail address has then been changed to: [info@transparency.lu](mailto:info@transparency.lu).

## 16. Members

TI Luxembourg is seeking popular support. Corruption being a difficult and technical issue, TI Luxembourg will never attract a very large popular support basis. Nevertheless, its membership basis has been increasing slowly but steadily. Further efforts are however necessary to reach further popular support.

TI Luxembourg is also seeking private sector support and adhesion.

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Transparency International is a non-governmental organisation (NGO) created in 1993 with the aim to fight corruption. For further information please refer to Transparency International's website at [www.transparency.org](http://www.transparency.org).

Our organization, Transparency International Luxembourg<sup>9</sup>, can be reached by e-mail at [info@transparency.lu](mailto:info@transparency.lu), by telephone under 26 38 99 29 and through its web-site at [www.transparency.lu](http://www.transparency.lu). TI Luxembourg's offices are located at 11C, Bd. Joseph II, Luxembourg. Persons interested in joining our organization can do so by filling out the membership form available on our website.

TI Luxembourg has been recognized by grand-ducal decree of 12 Mai 2011 as being of public interest and it is listed, under its official denomination of Association pour la Promotion de la Transparence a.s.b.l., among the entities whose donations can be deducted from taxable income within the scope of articles 109 and 112 L.I.R..

Transparency International Luxembourg is dependent on private donations to maintain its activities and its independence. We thank you for your interest and your support.

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<sup>9</sup> The organization is doing business as Transparency International Luxembourg, its legal name is Association Pour la Promotion de la Transparence a.s.b.l.

## II. Financial Information

### FINANCIAL INFORMATION

at

31 December 2014

of

Association pour la Promotion de la Transparence Asbl  
exerçant sous Transparency International Luxembourg

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## Balance Sheet

	<b>31/12/14 Euro</b>	<b>31/12/13 Euro</b>
<b>Assets</b>		
<b><u>Fixed assets</u></b>		
Internet website	5.671,11 €	7.561,48 €
<b>Total fixed assets</b>	<b>5.671,11 €</b>	7.561,48 €
<b><u>Current assets</u></b>		
Cash and cash equivalents	15.641,20 €	28.354,04 €
Subsidy receivable	15.000,00 €	15.000,00 €
<b>Total current assets</b>	<b>30.641,20 €</b>	<b>43.354,04 €</b>
<b>Total assets</b>	<b>36.312,31 €</b>	<b>50.915,52 €</b>
<b>Liabilities</b>		
<b><u>Reserves</u></b>	<b>35.662,31 €</b>	<b>50.340,52 €</b>
<b><u>Creditors</u></b>		
Invoices to be received	575,00 €	575,00 €
<b>Total liabilities</b>	<b>36.237,31 €</b>	<b>50.915,52 €</b>



# Income Statement

	<b>2014 Euro</b>	<b>2013 Euro</b>
<b>Income</b>		
Membership fees	5.161,32 €	4.215,00 €
Donor contributions in cash	21.210,00 €	25.920,00 €
Donor contributions in kind	42.718,39 €	34.386,48 €
Government subsidy	15.000,00 €	15.000,00 €
EU Project "An Alternative to Silence"	0,00 €	4.126,60 €
EU Project "Speak Up"	58.139,25 €	72.674,06 €
<b>Total Income</b>	<b>142.228,96 €</b>	<b>156.322,14 €</b>
Administrative expenses	1.616,30 €	2.022,10 €
Travel and representation	0,00 €	8.564,12 €
Rent	9.399,53 €	9.131,18 €
Salaries and wages	66.164,80 €	74.422,94 €
PR expenses	130,00 €	5.508,45 €
Salary costs	21.695,85 €	13.431,97 €
Internet website	889,99 €	590,99 €
Research costs	0,00 €	-4.255,00 €
Amortisation	1.890,37 €	1.890,37 €
IT Equipment	0,00 €	4.387,20 €
EU Project "An Alternative to Silence"	1.679,53 €	1.563,60 €
EU Project "Speak Up"	53.440,80 €	24.101,31 €
<b>Total Expenditure</b>	<b>156.907,17 €</b>	<b>141.359,23 €</b>
<b>Result from operating activities</b>	<b>-14.678,21 €</b>	<b>14.962,91 €</b>
<b>Net surplus</b>	<b>-14.678,21 €</b>	<b>14.962,91 €</b>

## Statement of Changes in Reserves

	<b>Special Fund Euro</b>
Opening balance at 1 January 2014	€35.377,61
Appropriation from net surplus for 2013	€14.962,91
Balance at 31 December 2014	€50.340,52
Appropriation from net surplus for 2014	€(14.678,21)
<b>Balance at 31 December 2014</b>	<b>€35.662,31</b>

## Cash Flow Statement

	<b>2014</b>	<b>2013</b>
	<b>Euro</b>	<b>Euro</b>
<b>Net surplus of the year</b>	(14.678,21)	14.962,91
<b>Movement in receivables</b>	-	6.600,00
<b>Movement in payables</b>	75,00	75,00
<b>Amortisation</b>	1.890,37 €	1.890,37 €
<b>Net cash flow from operating activities</b>	<b>(12.712,84)</b>	<b>23.528,28</b>
<b>Increase in cash and cash equivalents</b>	<b>(12.712,84)</b>	<b>23.528,28</b>
Cash paid for purchase fixed assets	-	(4.407,95)
Opening cash and cash equivalents	28.354,04	9.233,71
<b>Cash and cash equivalents at 31 December</b>	<b>15.641,20</b>	<b>28.354,04</b>

## Notes to the financial statements

### 1) Reporting entity

The Association pour la Promotion de la Transparence a.s.b.l (hereafter «APPT» or the «Association») was established on 9 June 2009 as an “Association sans but lucrative” (non-profit association) in Accordance with Luxembourg Law. The Association was established for an indefinite period and has its registered address at:

27, rue J.B. Esch, L-1473 Luxembourg

The Board decided on its meeting held on 21 May 2015 to move the registered office to :

11C, Boulevard Joseph II, L-1840 Luxembourg

The principal object of APPT is to promote transparency and integrity in public life.

The financial statements were set-up by the Board of Directors of APPT on 16 June 2015.

### 2) Basis of preparation

#### (a) Statement of compliance

The Association is not in scope of the Luxembourg Law of December 2010 with regard to the Preparation of annual accounts. The annual accounts have been set up with the objective to present a true and fair view of the assets, liabilities, charges and revenues of the Association as at 31.12.2014. Without respecting formally the International Financial Reporting Standards (IFRS) as adopted by the European Union, the annual accounts have been set-up in accordance with the main Standards of IFRS representing the main frame although the Association has no specific legal requirement.

Currently, the IFRS do not contain specific guidelines for non-profit and non-governmental organizations concerning the accounting treatment and the presentation of the financial statements. Where the IFRS are silent or do not give guidance on how to treat transactions specific to the not-for-profit sector, accounting policies have been defined in a sense to respect as much as possible the general IFRS principles, as detailed in the IASB Framework for the Preparation and Presentation of Financial Statements.

#### (b) Basis of measurement

The financial statements have been prepared on the historical cost basis.

#### (c) Functional and presentation currency

The financial statements are presented in Euro, which is the Association’s functional currency.

#### (d) Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented.

### **3) Summary of significant accounting policies**

#### **(a) Adoption of new and revised International Financial Reporting Standards (IFRS)**

There are no new or revised standards to be adopted in future periods that are likely to have a significant impact on the financial statements of the Association.

#### **(b) Income**

Membership fees are recognized as unrestricted funds in the year in which the subscription is paid.

Donor contributions are recognized in the year of the donation and allocated to general funds unless the donor specifies a particular project.

Subsidies are recognized on an accruals basis in the year to which they relate.

#### **(c) Cash and cash equivalents**

Cash and cash equivalents consist only in cash at bank.

#### **(d) Taxation**

No income tax or VAT taxation has been provided in these financial statements as the Association does not carry out any commercial activity and was not in receipt of any taxable income.

#### **(e) Financial assets**

The Association has only cash at bank and short-term receivables as at 31 December 2014 and 2013 for which the carrying values are equal to the fair value due to their liquid and short-term nature.

#### **(f) Finance income**

Finance income comprises interest on bank accounts.

#### **(g) Reserves**

The Reserves of APPT consist of retained earnings.

### **4) Financial Instruments**

The Association has only cash at bank and short-term receivables as at 31 December 2014 and 2013. Cash at bank funds is held at a bank in Luxembourg with a good credit rating. The

Association faced no currency or liquidity risk in 2014 and 2013. The receivables are due from the Luxembourg government which enjoys a triple A rating.

**5) Related Parties**

Neither the members of the Board of Directors nor any other related parties have received any remuneration from the Association. The subscriptions received by the Association have been paid by members and the Board of Directors.

**6) Internet website**

Movements in respect of the capitalised costs of development of the Associations internet website are as follows:

Capitalised in 2012	5.043,90
Capitalised in 2013	<u>4.407,95</u>
Total costs	9.451,85
Amortisation in 2013	<u>1.890,37</u>
<u>Amortisation in 2014</u>	<u>1890,37</u>
Net book value at 31.12.14	<u>5.671,11</u>

## Compliance & Control

To the general meeting of shareholders  
Of Transparency International Luxembourg  
Asbl (hereinafter the « ASBL »)

27, rue J.B. Esch  
L-1473 Luxembourg

### STATUTORY AUDITOR'S REPORT

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Following the mandate as statutory auditor given by the Board of Directors of the ASBL, we have verified the accounting records of Transparency International Luxembourg for the financial year ending on 31/12/2014.

The ASBL is not legally obliged to have its annual accounts reviewed by a statutory auditor. We have performed our mandate in analogy with article 62 of the law of August 10th, 1915 as amended. We do not form an opinion on the annual accounts. Consequently our assignment is neither an audit of the annual accounts according to the law of June 28th, 1984 or in compliance with the International Standards of Auditing, nor a limited review according to the standard ISRE 2400 (formerly ISA 910).

The annual accounts are drawn up under the responsibility of the Board of Directors. The Board of Directors has decided to draw up the annual accounts with the objective to follow the guidelines of International Financial Reporting Standards (IFRS) as adopted by the European Union. The annual accounts for the financial year ending on 31/12/2014 close with a balance sheet total of EUR 36.237,31 and a loss of EUR 14.678,21.

Our controls allow us to observe that the accounting was properly executed and that the figures of the annual accounts are in accordance with the accounting records and documents submitted to us.

Luxembourg, June 10<sup>th</sup> 2015



Ralph Bourgnon

Compliance & Control  
Statutory auditor

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### III. Hotline report

TI Luxembourg's anti-corruption hotline has been launched in December 2011. In 2013, the hotline received a fair amount of cases, as a consequence of the advertising campaign launched at the end of the year.

In 2014, TI Luxembourg pursued the advertising campaign in the national medias on a more regular basis, from April to December. TI Luxembourg noted that the quality of the cases has tremendously increased, although the amount stayed the same as the previous years.

The cases received through the anti-corruption hotline in 2014 enabled TI Luxembourg to confirm the trend of the previous years, namely that corruption in Luxembourg can be found both in the private and in the public sector, as well as locally or nationally.

*Disclaimer* : the following report presents a limited typology of corruption related practices brought to TI Luxembourg through its hotline but does not aim to be a general view of the situation in Luxembourg.

#### **1. Preliminary remarks**

##### 1.1. Confidentiality

In addition to the legal obligation of professional secrecy applicable in the country, TI Luxembourg wished to reinforce the confidentiality guarantees offered to the citizens coming to TI Luxembourg for guidance.

Every employee of TI Luxembourg, whether working on the cases or not, signed a specific confidentiality agreement. For every plaintiff coming to us, the existence of this agreement is mentioned for reassurance.



During the first contact with a whistleblower, we make sure he is aware of the internal processes regarding confidentiality. The whistleblower is informed that the information concerning himself and his case are protected, and most importantly, that no further measure will be undertaken without his consent.

TI Luxembourg is willing to establish a trust-based relationship with the whistleblower to make sure it is perceived as reliable and trustworthy.

## 1.2. Modus Operandi

The increasing submission of cases by whistleblowers helped to shape a modus operandi as how to best manage the complaints. Through these various complaints, TI Luxembourg realised that its ability to help the whistleblower depends on whether he already has or not a lawyer.

If the whistleblower already has a lawyer, it often implies that a lawsuit is ongoing, or even that all judiciary resorts have been sought.

When a lawsuit is ongoing, TI Luxembourg can act as a technical or moral support for the whistleblower through the procedures.

When the whistleblower's case has sought all available judiciary remedies, the *non bis in idem* principle and the force of *res judicata* command that the case cannot be tried again before a national Court.

Unfortunately, since the creation of the Hotline, TI Luxembourg deplores that a tangible part of the complaints received concern cases where the whistleblower comes to us in desperation, because he already sought all possible reliefs. While there is not much TI Luxembourg can do in such a case in terms of providing assistance to the whistleblower, it remains important that TI Luxembourg be made aware of these cases so as to get a feeling for types and numbers of cases, furthering its advocacy and knowledge.

This observation implies that TI Luxembourg keeps on raising the public awareness of its existence and its abilities to assist and guide the whistleblowers

If the whistleblower does not yet have legal counsel and comes to TI Luxembourg because he has suspicions or doubts about how to deal with his case, we can fully meet our purpose and guide the whistleblower through his case.

The first step is always to establish whether the alleged facts concern corruption-related practices or not. Most of the time, the whistleblowers come to TI Luxembourg with strong suspicions and very little knowledge about the judiciary system and the implications of their suspicions.

In this case, TI Luxembourg has an educational role to play by working with the whistleblowers, along with its confidentiality requirements, on all the aspects of the case or the suspicions. Once this work is accomplished and the whistleblower has a comprehensive perception of the ins and outs of his case, the decision to follow up or not with us is all his.

If the whistleblower is willing to file a lawsuit by himself, TI Luxembourg's Board can recommend a lawyer to assist, and stay tuned to the further developments to make sure the whistleblower has a full support.

For some sensitive cases, the whistleblower may fear about his safety or his reputation and be reluctant to report the corruption practices in his own name. We thus work on case per case basis to find out the best way to respect the whistleblower's will and still be effective.

In some cases, if there is a public safety or a public interest at stake, we can file the complaints ourselves to the relevant authorities on the grounds of general interest. This process is possible because TI Luxembourg has been recognised of public utility and has the faculty to file lawsuits in its name.