

# **Rules of Procedure for the Council of the CTAO gGmbH**

as agreed in the Council Meeting - March 26, 2015

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### 1. Composition

1. The Council is composed of up to two delegates from each of the countries represented by Shareholders, at least one of whom shall be a scientist knowledgeable in the field of CTA science. Countries represented by two Shareholders, or one Shareholder and one associate member, or by two associate members shall be represented in the Council by a total of two delegates. In this case, each Shareholder shall be represented by one delegate. A delegation is composed of the delegates (or their alternates) from each of the countries represented by one or two Shareholders.
2. The competent authorities of each Shareholder shall notify the Chair of the Council and the Managing Director(s) in writing of the appointment or termination of appointment of their respective delegates and of the dates on which the appointment is to begin or to terminate. Notification of appointment shall be received not less than three weeks before the first meeting in which the delegate is to participate.
3. If an exceptional circumstance prevents a delegate from attending a meeting, (s)he may be represented by an alternate for the meeting concerned. The Managing Director(s) shall be informed thereof in writing by the competent authorities of the Shareholder. The alternate shall hold full delegate's rights unless otherwise stated in the written notification. The Managing Director(s) shall inform the Chair of all such notifications.
4. For the purpose of these rules, 'members of Council' refers to the Chair, the Vice Chair, and the delegates.
5. Delegations may be accompanied by one expert. The names and professions of experts shall be notified to the Managing Director(s) not less than two weeks before each meeting in which they are to take part. The Managing Director(s) shall inform the members of Council thereof. Experts shall have no voting rights and unless decided otherwise by the Chair, they shall not attend closed sessions (Rule 5 para. 3). The Chair may invite experts in attendance to present their views.
6. No remunerated member of the personnel of the Company may act as a delegate, an alternate or an expert of a delegation.

### 2. Chair and Vice-Chair of the Council

1. The Council shall elect from among its members a Chair and a Vice-Chair, who shall hold office for one year and may be re-elected twice for a further year. The Shareholders whose delegates have been elected Chair and Vice-Chair shall appoint new delegates in their stead.
2. If the Chair is temporarily unable to fulfil her/his functions or has a conflict of interest during a meeting (Rule 7 para. 2), the Vice-Chair shall act in her/his stead.
3. In the event of resignation or permanent unavailability of the Chair, the Vice-Chair shall act as Chair until the end of the term of office of the original Chair, unless the Council decides to elect a new Chair.
4. If the Vice-Chair is temporarily unable to fulfil her/his functions or has a conflict of interest during a meeting, the longest serving delegate shall act as Vice-Chair in her/his stead.

5. In the event of resignation or permanent unavailability of the Vice-Chair, the Council shall at its next meeting elect a new Vice-Chair.
6. In the event that neither the Chair nor the Vice-Chair is able to attend a meeting of the Council, the meeting shall be opened by the longest serving delegate, who shall immediately invite the Council to elect an ad hoc Chair. The ad hoc Chair shall then preside over the meeting while the Chair and Vice-Chair are absent.
7. If the positions of both the Chair and the Vice-Chair fall vacant, the Council shall at its next meeting elect a new Chair and a new Vice-Chair.
8. The Chair, or the Vice-Chair when acting as Chair, shall participate in the proceedings in an impartial way and not as the delegate of a Shareholder or a country. In the exercise of their functions, they remain under the authority of the Council.
9. The Company shall assume the travel and subsistence expenses of the Chair and Vice-Chair attending the meetings of Council in this capacity and any other expenses derived from Council's mandate.

### **3. Council Secretariat**

1. The Managing Director(s) shall provide the secretariat for the Council.
2. The secretary shall draft the minutes (Rule 11) and assist the Chair in organising the proceedings of the Council.

### **4. Council Meetings**

1. The Council shall meet at least once a year and normally meets in ordinary meetings twice annually. It shall in any event meet between 1 September and 31 December of each year to approve the budget and the scale of Contributions for the subsequent financial year.
2. Meetings of the Council shall be convened by its Chair with at least one month's notice. Extraordinary meetings of the Council shall also be convened at the request of at least two Shareholders from different countries. They may also be convened at the request of the Chair or the Managing Director(s), if it is required in the interest of the Company. The extraordinary meeting will be called with at least two weeks' notice. Extraordinary meetings of the Council shall be convened within a period of thirty days after notification of such request. An extraordinary meeting of the Council may be conducted as a teleconference unless three or more Shareholders object.
3. The Council shall, at each meeting, determine the venue and date of its next meeting. Meetings shall normally be held in Heidelberg. If (s)he deems it necessary, the Chair may, in consultation with the Managing Director(s), alter the date fixed for a meeting.
4. The Chair, in consultation with the Managing Director(s), may decide that the whole meeting or an individual item or items shall be discussed in closed (Rule 5 para. 3) session.

### 5. Attendance

1. Meetings shall not be held in public unless otherwise decided by the Council.
2.
  - 2.1 A meeting or session may be attended by
    - the delegates of Shareholders of the Company accompanied by their experts;
    - the delegates of Associate Members of the Company;
    - the Managing Director(s) assisted by the Technical Director/Project Manager, the Scientific Director/Project Scientist, and additional members of personnel of the Company, after discussion with the chair;
    - the Spokesperson(s) and Chair of the Consortium Board of the CTA Consortium in its current form;
    - at the invitation of the Chair after consultation with the Managing Director(s), by other persons whose presence is required to assist in the proceedings (e.g. external auditors, chairs of committees appointed by Council). These may include duly accredited observers from countries not represented by Shareholders or Associate Members, and observers from other international organisations.  
The Chair may, with the agreement of the Council, invite persons in attendance to present their views.
  - 2.2 Attendance shall not convey the right to vote except if such right to vote is provided for in the relevant agreements.
3. To deal with matters of particular confidentiality the Council may meet in closed session. In this case only members of Council shall be present. The Chair may, however, permit the attendance of the Managing Director(s), the secretariat and of persons other than delegates. The Chair shall formulate the conclusions of closed sessions for the minutes (Rule 11), if appropriate.
4. The Managing Director(s) may submit to the Council, orally or in writing, statements on any matter before the Council.
5. Exceptionally, a delegate or other persons participating in a Council meeting may, at the sole discretion of the Chair, attend via teleconference or videoconference subject to technical feasibility. They will be considered to be present.

### 6. Agenda

1. The Chair shall prepare an agenda in consultation with the Managing Director(s), and shall make it available to the members of Council not less than one month before each meeting. The Managing Director(s) and the Chair shall jointly determine whether any items for discussion should be treated as confidential (Rule 13), and shall clearly indicate the confidentiality on the agenda and on any documents relating to those agenda items. Documents concerning matters on the agenda shall be made available to the members of Council at least two weeks before each meeting.

2.
  - 2.1 The agenda shall comprise, in particular, matters which at a previous meeting the Council had decided to include; any matter whose inclusion the delegates of at least two Shareholders have requested either during a previous meeting or in a written communication by the delegates of at least two Shareholders addressed to the Managing Director(s) not later than six weeks before the meeting; matters proposed by the auxiliary bodies set up by Council; and any other matters which the Managing Director(s) deems necessary to submit to the Council.
  - 2.2 Upon request of any delegate other items may be added to the agenda by unanimous resolution by all currently allocated votes of the Council immediately after the opening of each meeting. Additionally a vote on the substance of such items may not be taken, if the delegate(s) of any Shareholder objects.
3. In the case of an extraordinary meeting, a detailed description of the items to be discussed shall be made available with the notice convening the meeting. Documents concerning the meeting shall be made available at least ten days before the date of the extraordinary meeting.

## **7. Conflict of Interest**

1. All members of Council are in a position of trust.
2. A conflict of interest arises inter alia when a member of Council or a closely connected associate or member of her/his immediate family has a professional, financial or commercial interest in a matter under consideration by Council.
3. It is the responsibility of all members of Council to recognize and declare to the Council any such actual or potential conflict of interest immediately they become aware of it.
4. If an actual or potential conflict of interest arises, the delegate or alternate concerned may be requested by the Chair to withdraw from the discussion of that item. For an actual or potential conflict of interest of the Chair see Rule 2 Para. 2.
5. The request to withdraw may be challenged, in which case it shall be put to a vote of the Council.
6. Council shall decide what action shall be taken in case of failure to report a conflict of interest.

## **8. Conduct of Meetings**

1. Before the beginning of a meeting the Managing Director(s) shall verify whether all delegates have been duly appointed. (S)he shall circulate a list of participants based on information received from Shareholders in accordance with Rule 1.
2.
  - 2.1 The Chair shall, subject to the provisions of these rules, control the proceedings of the Council and maintain order during its meetings.

- 2.2 (S)he shall declare the opening and closing of each meeting, direct the discussions and sum them up, ensure observance of these rules, accord or withdraw the right to speak, decide points of order, put proposals to the vote and announce the decisions.
  - 2.3 (S)he may adjourn or close a debate, or adjourn or suspend a meeting.
  - 2.4 (S)he shall ascertain before each vote that a quorum (Rule 9 para. 3.) is present.
- 3.
- 3.1 No one shall take the floor in the Council without having obtained the Chair's authorisation. Subject to the provisions of Para. 4 below, the Chair shall call upon the speakers in the order in which they have asked to speak.
  - 3.2 The Chair may call to order a speaker whose remarks are not pertinent to the subject at issue.
  - 3.3 The amount of time to be allowed to each delegate or alternate and the number of times each delegate or alternate may speak on any question may at any time be limited by the Chair. This also applies to any other person attending Council meetings.
- 4.
- 4.1 During the meeting any delegate may raise a point of order.
  - 4.2 The Chair shall give an immediate ruling on the delegate's point of order.
  - 4.3 Any delegate may appeal against the Chair's ruling, in which case the appeal shall be debated and put to the vote.
  - 4.4 Unless the appeal is upheld by a majority of delegates present and voting, the Chair's ruling on the point of order shall stand.
  - 4.5 Delegates speaking on a point of order may not deal with the substance of the point at issue.
5. Priority over all other motions shall be given, in the following order, to motions for:
- a) suspending the meeting,
  - b) closing the meeting,
  - c) adjourning the question under discussion,
  - d) closure of the debate on the question under discussion.
6. Any proposal in its final form shall be put to the vote if supported at least by two other delegates. It shall be submitted to the meeting in writing if two or more delegates so request. In such case the Chair shall not put the proposal to the meeting until the delegates are in possession of the text of the proposal.
7. Where two or more proposals are raised in respect to one and the same matter, these proposals shall, unless the Council decides otherwise, be put to the vote in the order in which they were raised. After each vote the Council shall decide whether or not to vote on the next proposal.

## 9. Votes

1.
  - 1.1 Each Shareholder has the right to vote. The number of votes scale with the accumulated Contributions provided by the Shareholder. Two delegates representing the same Shareholder cast all of the Shareholder's votes indivisibly and combined.
  - 1.2 An up-to-date table of existing votes shall be provided by the secretary at the beginning of each meeting.
2. A new Shareholder shall have voting rights from the date its accession as a Shareholder of the Company is documented with a notary public and its Contribution for the running business year has been received by the Company.
3. Council meetings shall only be quorate if two thirds of the currently allocated votes and the Shareholders of not less than half of the countries are represented. If less than two thirds of the currently allocated votes are represented, a new meeting of the Council with the same agenda shall be called immediately. This new meeting of the Council shall be quorate regardless of the proportion of votes and Shareholders represented, but only if this is explicitly stated in the invitation to such new meeting of the Council.
4. Votes in Council shall be conducted in accordance with the majority conditions provided for in the Articles of Association.
5.
  - 5.1 Delegates shall normally vote by a show of hands, including any delegate attending by videoconference. If requested by at least three delegates, a roll call shall then be taken in the English alphabetical order of the names of the Shareholders.
  - 5.2 Delegates attending by teleconference shall confirm their vote to the Managing Director(s) in writing within two weeks of the meeting. If such confirmation is not received, the delegates attending by teleconference shall be considered as not present for the vote.
  - 5.3 In determining unanimity or the majorities stipulated, account shall not be taken of a Shareholder not having the right to vote.
  - 5.4 When a decision requires any majority other than unanimity, an abstention shall not count as a vote.
  - 5.5 When a decision requires unanimity, an abstention is to be treated as a negative vote.
6.
  - 6.1 A vote 'ad referendum' will be considered as a provisional positive vote. It shall be confirmed in writing to the Managing Director(s), who will inform the Chair and the delegates not later than at the next meeting of the Council.
  - 6.2 A vote 'ad referendum' cannot result in a partial or conditional acceptance of the decision concerned.
7. Shareholders shall encourage their own delegates to attend meetings of Council in accordance with Rule 1. If, however, for exceptional reasons, any Shareholder cannot send its own delegates or alternates to a meeting, it may give to the delegate(s) of another Shareholder the power to vote in its name, provided that the delegate(s) from any Shareholder may vote by proxy for one other Shareholder only. Such power to vote shall be

granted in a written communication sent and signed by the competent authorities of that Shareholder addressed to the Managing Director(s). The Managing Director(s) shall inform the Chair thereof.

8.

8.1 Council may decide that decisions be taken by secret ballot upon request of at least three delegates present.

8.2 Voting by secret ballot shall take precedence over vote by roll call if both have been requested. In all votings by secret ballot, two tellers shall be appointed by the Chair from among the delegates to count the votes, assisted by the secretariat.

8.3 The number of the positive, negative and blank votes as well as abstentions shall be included in the minutes.

9. If the Council has been notified by the Managing Director(s) that the Contributions from a Shareholder for the running year had not been paid by March 31, the right of the specific Shareholder to vote in the Council and in all the auxiliary bodies shall be suspended until the Council has been notified by the Managing Director(s) that the Contribution has been fully paid.

10.

10.1 Any Shareholder or associate member shall be entitled to request any vote to be preceded by one single straw vote each. The sole intention of a straw vote is for consultation of the combined intentions of Shareholders and associate members. Straw votes have no legally binding consequences. Results from straw votes are not minuted.

10.2 Each Associate Member shall have votes according to the amount of Contributions provided to the budget. In this exceptional case, the definition of the budget differs from the definition in the Articles of Association. With regard to straw votes the budget consists of all Contributions provided by the Shareholders and the Associate Members up to the respective record date starting with the incorporation of the Company.

10.3 The calculation of the votes for each Associate Member and Shareholders will be as follows:

accumulated Contributions of the respective Associate Member or Shareholder / budget \* 100

In the case the result is not an integer number, the votes will be rounded to the nearest integer value.

10.4 Each vote has the same weight within the ballot.

## 10. Written Procedure

1. If the Chair or the Managing Director(s) consider that a matter requires a decision before the next meeting of the Council but does not warrant an extraordinary meeting, (s)he may, with the agreement of the Chair, submit the matter to Council for decision in the written procedure.
2. Any Shareholder may propose a Shareholders' written resolution by giving notice of the resolution to all of the Shareholders. The proposal may also be made by giving notice of the written resolution to the Managing Director(s) who shall forward it to all of the Shareholders

immediately. The notice of a proposed Shareholders' written resolution must include the proposed resolution, the time for adoption and the manner in which Shareholders indicate their agreement in writing.

3. If requested by at least three Shareholders, then the decision shall be deferred to the next ordinary or extraordinary meeting.
4. Any proposal submitted to a vote in written procedure shall be arranged so that independent questions are subject to separate votes.
5. The rules regarding a quorum for voting in written procedure shall be the same as at a meeting of Council according to Rule 9 para. 3. Decisions on matters submitted in the written procedure shall be subject to the same voting majorities as required by the Articles of Association.
6. Votes in written procedure shall only be valid if cast as either positive, negative or as an abstention and if received by the Managing Director(s) within the deadline specified on the invitation to vote.
7. If the number of votes received by the Managing Director(s) by the deadline does not reach the required quorum, the proposal shall be considered to be rejected. The Managing Director(s) may, however, in consultation with the Chair, resubmit the proposal at the next meeting of the Council.
8. The results of all votes taken in written procedure shall be communicated to all Shareholders not later than two weeks after the deadline, and shall be reported at the next Council meeting.

## 11. Minutes

1. Draft minutes shall be prepared giving the substance of the discussions and recording the decisions reached in the meetings or sessions. After approval by the Chair they shall be made available to the delegates, normally within forty days after the Council meeting. Exceptionally draft minutes of closed sessions shall be prepared if so decided by the Chair.
2.
  - 2.1 Proposals for amendment of the draft minutes shall be sent by the delegates to the Managing Director(s) in writing within fifteen days after the date of their communication. If no proposal for amendment has been received by the specified time the minutes shall be deemed approved.
  - 2.2 The Managing Director(s) shall make the proposals for amendment(s) available to the other delegates before the next Council meeting.
3. If the minutes shall not be deemed approved according to para. 2.1, at the beginning of each meeting the draft minutes of the previous meeting, after consideration of any amendment(s) proposed, shall be approved by the Council.

## **12. Auxiliary Bodies**

1. The Council shall set up an Administrative and Finance Committee (AFC), a Scientific Technical Committee (STAC) and an In-Kind Review Committee (IKRC) in accordance with the provisions of the Articles of Association.
2. The Council may set up such auxiliary bodies as may be necessary to accomplish the purposes of the Company, and shall define their terms of reference.
3. These rules shall, by analogy, also apply to the conduct of the auxiliary bodies set up by the Council, unless those bodies draw up their own rules of procedure. Rules of procedure drawn up by the auxiliary bodies shall be approved by the Council and shall correspond to the principles of the Council's rules, unless explicitly decided otherwise by Council.

## **13. Confidentiality and Access to Information**

1. Members of Council and all other persons attending Council meetings shall maintain the confidentiality of proceedings, votes and documents relating to Confidential Information in the meaning of the Articles of Association. In particular, contractual matters shall not be disclosed to the firms involved nor to anyone else. Each attendee of the Council meeting shall
  - a) keep confidential any Confidential Information including, without limitation, taking the measures set out in para. 2;
  - b) not use any Confidential Information other than as permitted by these rules;
  - c) not disclose any Confidential Information to another person and to make all reasonable efforts to prevent any such disclosure except as permitted under paragraph 3 and 4.
2. Each delegate, Shareholder and Associate Member shall exercise, in relation to Confidential Information, no lesser security measures and degree of care than those which it applies to its own confidential information.
3. Each delegate, Shareholder and Associate Member may disclose the Confidential Information of another delegate, Shareholder and Associate Member:
  - a) with the prior written consent of the relevant delegate, Shareholder and Associate Member;
  - b) to its group undertakings, government departments and agencies of such delegate, Shareholder and Associate Member, its employees, professional advisors, authorised representatives and sub-contractors in each case only to the extent necessary in connection with the project; or
  - c) where disclosure is required by law, by a court of competent jurisdiction or by another appropriate regulatory body provided that the receiving delegate, Shareholder and Associate Member shall, where possible, give to the disclosing (affected) delegate, Shareholder and Associate Member not less than two business days' notice of such disclosure.
4. These rules do not apply to Confidential Information:

- a) to the extent that the Confidential Information is or comes into the public domain (other than by breach of these rules); or
- b) which the receiving delegate, Shareholder and Associate Member can show by its written or other records was in its possession prior to receipt from the disclosing delegate, Shareholder and Associate Member and which had not previously been obtained from the disclosing delegate, Shareholder and Associate Member or another person under an obligation of confidence.

### **14. Communications**

1. In the interests of rapid and efficient communication among members of Council and other persons attending Council meetings, the Council shall whenever possible make use of generally available electronic communications facilities, especially electronic mail (e-mail) and the internet. The secretariat shall maintain a list of e-mail addresses relevant to the work of the Council, and shall provide such information to the members of Council upon request.
2. Where documents and other communications subject to deadlines have to be transmitted, the relevant deadline shall be deemed to be met if within the time limit the documents or other communications are transmitted by e-mail or made available on the internet link provided by the secretariat. The secretariat shall notify the members of Council by e-mail when such documents have been made available on the internet.

### **15. Press Releases**

Press releases concerning the proceedings of the Council shall be issued only by the Chair or, with her/his agreement, by the Managing Director(s), or with their specific approval.

### **16. Interpretation of these rules**

1. The Council shall be the sole authority for the interpretation of these rules.
2. In the event of conflict between any provision of these rules and the Articles of Association, the following order of precedence shall apply: Articles of Association, Rules of Procedure of the Council.

### **17. Entry into Force**

1. These rules shall come into effect on the date of their approval by Council.