

DZI Seal of Approval

Guidelines



Officially binding, exclusively, is the original German version of the Guidelines.

Eighth, revised version (effective from January 1st 2016)

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Preamble

Introduced in 1992, the Seal of Approval helps donors as well as any interested parties to determine the trustworthiness and performance levels of charities. The Seal continues the tradition of independent donation advice which has been provided by the German Institute for Social Issues and its predecessor institutions since 1906.

Non-profit organisations transform financial contributions from donors into actual charitable activities. This affords them a particular significance within society. At the same time, the result is a commitment to actions which are transparent, efficient, based on mutual trust and oriented towards the maximum possible impact and sustainability.

The organisations which hold the Seal of Approval proactively commit to complying with the Seal of Approval Standards (which follow below) and thereby in particular to the goal-oriented, economical and effective use of funds, an informative and verified financial statement, the clear, truthful, open and objective use of advertising and public relations, effective structures of management and supervision, as well as transparency with regard to the general public. Compliance with these standards is regularly assessed by the DZI, which receives all other necessary information from the organisations and also incorporates further applicable sources of information into its decision.

The Seal of Approval Standards and the procedure for awarding the Seal are updated by the DZI as required. Elements that play a significant role in this are changes in the German and international fundraising sector, new scientific discoveries, the DZI's communication with scientific institutions, charitable organisations, specialist departments, associations and other experts, as well as the DZI's regular communication with donation information centres in other countries, as part of its participation in the International Committee on Fundraising Organisations (ICFO).

I. Prerequisites for applying for the Seal

1. Type of organisation

The Seal of Approval can be applied for by legally independent organisations, as well as explicitly differentiated, legally dependent organisations, areas of work or operations which have their own name, their own statute or tasks, their own decision-making structure, their own public image, their own account and their own financial statement.

2. Location

The organisation is based in Germany.

3. Non-profit status

In compliance with §51-68 of the German Fiscal Code, the organisation is recognised as being in receipt of tax-privileged benefits. This means that according to the German Fiscal Code, it serves non-profit, charitable, or religious purposes.

4. Period of activity

The organisation can prove that it has been active for at least two complete business years to date.

5. Fundraising

The organisation actively advertises for donations from the general public. Its total revenue from the last two business years exceeded €25,000 per year.

II. Seal of Approval Standards

1. Objective

¹The organisation obeys the law and order, respects human rights and natural resources, and follows its own statute. ²In its statute, the organisation clearly and comprehensibly sets out its objectives and areas of work as well as the basic functions and tasks of its bodies.

2. Management and supervision

¹The organisation has adequate management and supervision structures. Information about who is authorized to make decisions and represent the organisation is clearly set out. ²Thanks to the clear separation of management from supervision, both functions are effectively discernible from each other and thus, conflicts of interest can be prevented.

a. Management body

(1) ¹The management body is made up of at least three people, provided that its members are exclusively voluntary. ²If all the members of the management body are paid employees of the organisation and if the total yearly revenue over at least two consecutive years is over €10 million, the management body should be made up of at least two people.

(2) Most of the members of the management body do not have personal links with each other and are not in a relationship of mutual dependence.

(3) ¹Every member of the management body or the management board discloses conflicts of interest to the (other) members of the management body as well as to the supervisory body or to a special supervisory body where this exists. ²If a member of the management body or the management board undertakes a legal transaction with a company, and the company itself or a person who has a personal link to it is involved in this transaction, then the contract for this legal transaction must be approved – generally beforehand – by the supervisory body and the special supervisory body where this exists.

(4) ¹The management body has a biannual meeting, which more than half of its members attend. ²At this meeting, the majority of the participating members do not have personal links with each other and are not in a relationship of mutual dependence.

(5) Minutes are taken of the management body's meetings.

b. Supervisory body

(1) ¹The supervisory body monitors the management body. ²The composition, function, tasks and rights of the supervisory body are set out in the organisation's statute.

(2) The supervisory body meets at least once a year in person.

(3) Punctually before the yearly meeting, the members of the supervisory body receive the financial statement as well as any further information which is necessary in order to make informed decisions.

(4) ¹At the meetings of the supervisory body, the members of the management body, those who have a personal link with them and who are dependent on the organisation or on the members of the management body, do not have a voting majority and do not make up the majority of attendees who are there in person. ²If it is not possible for the majority of the organisation's supervisory body to be made up of independent members, then the task of monitoring the management body will be transferred to another supervisory body, in accordance with point c.

(5) ¹Amongst other tasks, the supervisory body decides on the salaries and general compensation for expenses of the members of the management body. In addition, it decides annually on the compensation of the members of the management body for the most recent business year, except in cases where these powers are transferred to the special supervisory body, in accordance with point c. ²The members of the management body do not contribute to decisions about their compensation and salaries.

(6) If the management body decides on the appointment and dismissal of members of the supervisory body, the statute permits appeals to be made to the supervisory body against such decisions by the management body.

(7) ¹Minutes are taken of the supervisory body's meetings. ²The minutes of the most recent meeting (at any one point), at which decisions about compensation of the management body were made, are regularly passed on to the DZI. ²In addition, minutes of other meetings shall be handed over to the DZI if the DZI makes a well-justified request for these.

(8) ¹Organisations whose total yearly income over at least two consecutive years exceeds €5 million have a procedure for the right of appeal within the organisation itself (for example a neutral ombudsman), which is confirmed by the supervisory body or the special supervisory body, in accordance with point c. ²This enables employees, project partners and other individuals who are linked with the organisation (for example, members) to present valid evidence and make justified complaints without needing to worry about possible disadvantages of this.

c. Special supervisory body

(1) ¹If all the members of the management body are paid employees of the organisation, the total yearly income over at least two consecutive years exceeds €10 million, or the supervisory body cannot be made up of a majority of independent members, then the organisation shall appoint another special supervisory body which is tasked with monitoring the management body.

²Members of the supervisory body may also be members of the special supervisory body. ³It is not necessary to form a special supervisory body if the current supervisory body already fulfils the requirements set out in figures (3)-(8) (see below).

(2) The members of the special supervisory body are selected by the supervisory body.

(3) ¹The composition, function, tasks and rights of the special supervisory body are clearly set out in the organisation's statute. ²It does not take part in operational business. ³Its role is set out in the rules of procedure.

(4) ¹The number of members of the special supervisory body is determined by the size and complexity of the organisation. ²It is made up of at least three people. ³At least one of the members should have economic expertise and – with regard to the area of work which the organisation deals with - subject-specific skills.

(5) ¹The members of the special supervisory body shall be completely independent from the organisation and the members of the management body. ²Conflicts of interest are to be avoided as far as possible, but if there is a case of conflict of interest, this must be disclosed to the remaining members of the special supervisory body and to the supervisory body. ³Individuals who are not permitted to belong to the special supervisory body are:

(a) those who belong to the management body

(b) those who have a personal link with members of the management body

(c) those who work for the organisation, or for organisations or companies which are legally associated with it, either as employees or as freelance workers. Exceptions to this are members of employee representative committees (without a managing employee), if these members do not make up the majority of the special supervisory board's membership.

(d) those who have previously been appointed by the organisation to provide advice or testing, or who work with such contractors, for example accountancy and auditing firms.

(6) ¹Members of the special supervisory body should not be active in this role for longer than five years. ²Re-election is possible. ³However, the majority of members of the special supervisory body should not belong to this body for longer than ten years.

(7) ¹The special supervisory body meets regularly (at least three times per year). At least two of these meetings must be attended in person. ²At least half of the members must attend these meetings in person.

(8) ¹Minutes of the special supervisory body's meetings are taken and the minutes are passed on to the DZI upon justified request. ²If the special supervisory body exercises control instead of the supervisory body, which is made up of dependent members, then all the minutes of the special supervisory body's meetings are passed on to the DZI.

(9) ¹The members of the special supervisory body are usually volunteers. ²However, the right to an appropriate reimbursement of expenses is reserved. ³In addition, if compensation for expenses or other remuneration is granted, then the amount is decided on by the supervisory body, in accordance with the statute.

(10) If the supervisory body cannot exercise independent control (in the sense of line 1, figure (4) of Standard no. 2), then the following powers, at the very least, are transferred to the special supervisory body and embedded in the statute:

- (a) Making decisions about the financial statement
- (b) Providing the management body with relief
- (c) Appointing the annual auditor
- (d) Deciding on the salaries and expense allowances of the members of the management body.

3. Advertising and public relations

¹The organisation provides clear, true, objective and open information about its concerns, structure and work. ²It respects the dignity of those affected, does not pressurize those who it asks for donations, and treats other organisations fairly.

a. Clarity

(1) Fundraising materials and public relations are clear, comprehensible and informative.

(2) ¹No misleading depictions in texts and images are used. ²Any danger of confusion with the name or the appearance of other organisations is avoided. ³Information about the way that funds are used is not hidden.

b. Truthfulness

(1) Fundraising and public relations reflect the work of the organisation and its main focal points appropriately and truthfully.

(2) ¹The information which is provided both in texts and in images accurately reproduces reality. ²No false, deceptive or exaggerated details are circulated.

c. Objectivity

(1) Fundraising and public relations present the importance of the chosen causes and the suitability of the planned measures for best supporting these causes in an informative and well-justified manner.

(2) ¹No inappropriately emotionalizing or pressurizing depictions are used in texts and images. ²Depictions shall be deemed inappropriate when, for example, donors are made to feel guilty about the cause, or the resolution of the charitable appeal; or when a time-pressured urgency to donate is not sufficiently justified or objectively presented, and as a result, potential donors' ability to form a judgement and make a decision may be impaired.

d. Openness

(1) Information which is spread through fundraising and public relations is transparent and conveys an accurate portrait of the organisation and its work.

e. Respect for dignity

(1) No depictions are used in texts and images which are degrading or humiliating for those affected, or which violate their dignity in another way.

(2) No topics or wordings are used which either discriminate against someone or could be understood as discriminating.

(3) Individuals are neither selected (as might be found in a catalogue) nor are they randomly exchanged.

(4) ¹The depiction of distress and suffering of those affected is proportionate to the information conveyed about the plans to be carried out and measures to be taken by the advertising organisation as well as – as far as can be presented – with the participation of those affected. ² Degrading, dishonest or sensationalist depictions of distress and suffering are refrained from.

f. Dispensation with unfair advertising

(1) ¹The organisation behaves fairly and respectfully with regard to other organisations.

²Defamatory or misleading statements as well as comparative statements which degrade other organisations are not used.

(2) Statements about the quality of the organisation itself are accompanied by clear, comprehensible information.

g. Conversations started with the aim of raising funds

(1) ¹The form and content of systematic conversations started with the aim of raising funds are regulated by guidelines or codes of practice to be drawn up by the organisation. ²This especially pertains to fundraising conducted at the front door, on the street, on the phone and for particularly large donations.

(2) The organisation is forbidden from introducing a form of clothing for work which resembles uniforms for the purposes of advertising for the charitable cause, if the respective canvasser does not fulfil the corresponding service role.

h. Collaboration with businesses

(1) ¹ Within the framework of a licencing contract, if an organisation makes its name or logo available to a business for commercial purposes, then the type of collaboration is clearly presented to those who are being asked for donations. ²Before they come to a decision, those asked for donations are clearly and visibly informed about to what exact extent the organisation profits financially from the sales revenue and the collaboration. ³Sponsoring is not affected by this rule. ⁴When old materials are collected (for example old clothes), the collection container displays information about the type of collaboration and names the licence fee which the organisation obtains from the business.

(2) ¹The collaboration is arranged in writing. ²Thereby, the terms of the exchange of services are clearly laid out and are able to be assessed by both parties. ³The written agreement is made available to the DZI upon request.

i. Appointing of a commercial service provider

(1) ¹ If the organisation appoints a commercial service provider (e.g. an advertising agency or a call centre etc.) with the task of fundraising and general public relations work, the collaboration is set out in writing. ²The corresponding agreement is disclosed to the DZI upon request. ³In particular, the agreement provides information about the service to be rendered by the service provider as well as the amount and type of pay (for example performance-based pay).

(2) In the case of personal contact, the service provider gives information about the contractual relationship, right from the moment when contact is first made.

(3) When reusable materials are collected (for example old clothes), the collection container displays information about the contractual relationship. It is also highlighted that the organisation only benefits financially from the section of the proceeds which is left after the deduction of any costs and an adequate payment to the commercial service provider.

(4) ¹The funds which are raised are put into the organisation's own account straight away. ²If this is not technically possible, perhaps in the case of the collection of donations via telephone bills, the donations are passed on to the organisation at the earliest possible moment.

(5) ¹Data about donors which is gathered during the collaboration with the service provider is the organisation's property. ²The service provider is not authorized to use or pass on the donation data outside the framework of the contractual relationship.

(6) In the case of appointing service providers, the organisation still holds full responsibility for the quality of the fundraising and public relations work and also for the compliance with the corresponding Seal of Approval Standards.

j. Collections of cash

(1) Collections of cash are adequately protected from unauthorized cash withdrawals.

(2) Cash donations are registered in due consideration of the double-checking principle and are converted to the organisation's cashless transaction system at the earliest possible point.

k. Telemarketing

(1) ¹First contact with individuals via telemarketing (for example via phone, fax, email, SMS etc.) is only permitted if the person being spoken to has previously consented to this. ²An exception to this is one single call to each donor, thanking them for their help. ³If the potential donors provide their contact details to the organisation, this is usually considered a form of such consent.

l. Sponsorship of children

(1) ¹The organisation clearly and straightforwardly presents its concept of child sponsorship in its advertising and informative work. ²In particular, the extent to which the respective sponsored child directly or indirectly benefits from the measures is explained.

(2) ¹The organisation uses appropriate measures to take the sponsored children's particular need for protection into account. ²The greatest possible efforts are made to ensure that sponsors are not able to make direct contact with the children or their families without the organisation's knowledge – and vice versa. ³In the case of possible mediation of sponsor trips and sponsor communication, and also the sending of individual gifts, the organisation takes relevant professional standards as well as the principle of reasonable conduct into consideration.

m. Cancellation rights

(1) ¹Sponsoring memberships, memberships without voting rights, sponsorships or other permanent donations can be cancelled at any time and with immediate effect. ²Prepaid contributions are refunded on request.

n. Careful data usage

(1) Addresses of donors and members are not sold, rented, exchanged or otherwise passed on to third parties.

(2) If the organisation passes personal donor data on to the service provider, for the purposes of its own advertising within the framework of the contractual relationship, it ensures that the data is exclusively used for this agreed purpose. It also ensures that the data does not remain available to the service provider after the contractual relationship ends.

(3) The organisation respects the donor's wishes with regard to saving and using personal data, with respect to the type, volume and regularity of promotional materials, amongst other things.

4. Use of funds

¹The organisation has structures and procedures in place which ensure that the use of funds is adequately planned, carried out and monitored. ²It only uses its funds for the stated charitable causes and for the necessary advertising- and administrative expenses which are linked to these.

³The usage of funds follows the principles of efficiency and frugality, as well as the criterion of the greatest possible effectivity.

a. Cause-oriented use of funds

(1) ¹The organisation uses its funds exclusively for the charitable causes set out in the statute. ²It adequately documents, organizes and verifies this. ³There is no discrepancy between the causes set out in the statute and the way the funds are actually used.

(2) ¹If the organisation advertises for a particular cause, the funds it raises go towards this. ²If there are comprehensible reasons for why the funds should not go towards this cause, the organisation decides on a different use and publicly states this.

(3) ¹The organisation takes appropriate measures to prevent any corruption arising with regard to the use of funds. ²Organisations whose total yearly income over a period of two consecutive years has amounted to more than €5 million provide a written statement which sets out their approach to preventing corruption.

(4) The organisation specifies a policy for signatory powers, taking into account the principle of double-checking.

b. Economical and frugal use of funds

(1) Advertising and administrative expenses make up 30%, at the very most, of the organisation's total yearly expenses.

(2) ¹Expenses for advertising and general public relations work (advertising expenses) amount to an average of 30%, at the very most, of the yearly funds raised within the past three business years. ²If the expenses in an individual case exceed this amount, it is checked whether funds have been used economically and frugally.

(3) Advertising- and administrative expenses are calculated on the basis of the DZI's approach to "Advertising- and administrative expenses of charities".

(4) ¹The organisation does not have any disproportionately high expenses and does not enter into any agreements which could be economically damaging for it. ²Before larger commissionings and also in the context of business relationships which have existed for several years, several different offers are weighed up against each other at appropriate intervals.

(5) Organisations whose total yearly income over a period of at least two consecutive years is more than €5 million provide procurement guidelines, regulations on travel expenses and basic principles for financial investments.

(6)The organisation conducts adequate assessments of the economical and frugal use of funds which it either uses itself or passes on to third parties.

c. Effective usage of funds

(1) ¹The organisation examines the impact of its activities and uses its findings from this to manage its future usage of funds. ²It develops suitable procedures for monitoring impact. ³The methods, extent and regularity of impact monitoring are based on the volume of payments, as well as the length and complexity of activities. ⁴The use of impact monitoring is proportionate to expenses. ⁵The results of impact monitoring and the application of the findings from it are both documented in writing and published in a concise form.

5. Remuneration

¹When paying their permanent employees and freelance staff both at home and abroad, as well as members of the organisation's various bodies, the organisation takes into consideration its non-profit status and the qualifications and responsibility of the position in question. It then acts within the customary framework. ²Performance-based pay in the area of fundraising is only offered under certain circumstances.

a. General requirements

(1) ¹The amount and composition of the total annual salaries of the employed members of the management body and the management board, including information about the respective member's role and number of working hours, is disclosed to the DZI. ²If the organisation provides permanent employees or freelance staff with remuneration or fees which equate to, or exceed, the level of the salaries of the members of the management team in the fiscal year most recently completed, these payments are also disclosed to the DZI.

(2) The total annual salaries also include any form of remuneration which the respective individuals receive for possible tasks given by institutions linked with the organisation.

b. Performance-based pay in the area of fundraising

(1) ¹An exclusively performance-based pay is neither provided for verbal advertising or for other forms of advertising for which employees, contractors or donors can be put under pressure due to this form of payment. ²In these cases, performance-based pay can only make up 50%, at the very most, of the respective payment. ³If an organisation develops effective quality management measures which suitably protect employees, contractors or donors from being put under pressure, then the 50% rule can be deviated from.

(2) Performance-based pay is proportionate to the service rendered.

(3) ¹As early as possible, and always before the decision to donate is made, the potential donors receive clear written information about the performance-based element of pay. ²In particular, correspondence to do with performance-based pay for fundraising tasks, including every piece of writing to be signed by the addressees as well as every written authentication to be submitted, is accompanied by a corresponding note about this.

(4) Questions about the type and amount of the performance-based pay are comprehensively and truthfully answered by the organisation, or rather those who work for it.

(5) The rules for Seal of Approval Standard number 5 also apply to all participants in multi-level contractual relationships.

6. Financial statements and auditing

By twelve months after the end of a business year (at the very latest), the organisation submits a complete, informative and verified financial statement about the business year.

a. General requirements

(1) The financial statement is put together according to the relevant legal stipulations, the basic principles of orderly book-keeping as well as possible guidelines laid out in the statute and other special regulations (for example comments from the Institute of Auditors in Germany (IDW), Düsseldorf).

(2) Adequately taking into account the size and complexity of the organisation, the financial statement conveys an accurate and informative overview, in line with the Seal of Approval Standards, of the source of funding, the usage of funds, and the financial position of the organisation.

(3) ¹All the information which is required to calculate the advertising and administrative expenses (in accordance with Seal of Approval Standard number 4.b, figure 3), can be found in the financial statement, the appendices, or further terms. ²The basis for this is the classification of the DZI's concept "Advertising- and administrative expenses of charities".

(4) ¹In the financial statement, the appendices, or further terms, the following sources of revenue (at the very least) are displayed separately: financial donations, donations in kind, inheritances, endowments, contributions from members, fines, and government grants as well as grants from other organisations. ²If the organisation presents its income according to the principle of usage, the monetary donations (at the very least) are displayed according to the accrual principle.

³Possible substantial earmarking is set out. ⁴Donations in kind are taken into account if confirmation of tax contributions was required, or if a chartered accountant or an auditor has confirmed a proper valuation.

(5) ¹In the financial statement, appendices or further terms (and in consideration of Seal of Approval Standard number 6.a, figure 3), the expenses for the following areas are laid out separately: project funding, project support, statutory campaigns, educational work, advertising and general public relations work, and administration. ²The named expenses or areas of expense are subdivided and explained, subject to the size and complexity of the organisation.

(6) The financial statement documents in a detailed and informative way the composition and development of the organisation's assets, unused donations, savings, reserves and liabilities with the relevant substantial earmarking.

(7) ¹The supervisory body or the special supervisory body selects the auditor (see Seal of Approval Standard number 6.b) and puts together the audit assignment. ²In addition, these bodies can request special audits.

(8) ¹The auditors have a verbal discussion with the supervisory body or the special supervisory body about the results of the audit. ²If there are significant reasons why this cannot happen (for example excessive additional costs), then the supervisory body or the special supervisory body can ask one or more independent representatives of the organisation's management body to have the discussion instead. ³These representatives then inform the supervisory body or the special supervisory body about the outcome of the discussion.

b. Size-dependent minimum requirements

(1) ¹Organisations whose total yearly income over a minimum period of two consecutive years is less than €500,000 put together a statement of income and expenditure, together with an annual financial statement. The organisation's legal representatives provide their signature to confirm the factual and mathematical accuracy of the annual financial statement. ²The audit of the annual financial statement and the associated bookkeeping is carried out by two specialist auditors who are not connected to the leadership of the organisation in any way. ³If the annual financial statement has been created by a tax consultant or an accountant, only an auditor in the sense mentioned above is required. ³The auditors document the content, scope and results of the audit in a written report which they sign.

(2) ¹Organisations whose total yearly income over at least two consecutive years amounts to between €500,000 and €2.5 million put together a statement of profit and loss with a balance sheet (annual financial statement). ²A chartered accountant or an accountant who is not linked to the organisation's management body in any way assesses this annual financial statement and the associated bookkeeping.

(3) ¹Organisations whose total yearly income over a minimum period of two consecutive years amounts to between €2.5 million and €10 million put together an annual financial statement, according to regulations for corporations, including a balance sheet, a statement of profit and loss, and appendices. ²The annual financial statement is assessed by a chartered accountant or an auditor who has no link to the organisation's management body and includes an audit certificate.

(4) ¹Organisations whose total yearly income over a minimum period of two consecutive years amounts to more than €10 million compile an annual financial statement, according to regulations for corporations, including a balance sheet, statement of profit and loss, appendices, and a general statement of the financial situation. ²This financial statement is assessed by an auditor who has no link with the organisation's management body and includes an audit certificate. ³The audit assignment also includes the audit of the general statement of finances. ⁴This audit should be carried out at the very least once every three years, and this includes the full audit of the associated financial year, the audit according to §53 of the Budget Principles Act (HGrG) or comparable sets of rules (for example the Audit Guidelines published by the Association of Dioceses in Germany, or the Audit of Correctness of Management in accordance with IDW).

(7) Transparency

¹The organisation provides clear and comprehensive reports about its work, structures and finances. ²It responds to queries and complaints quickly and factually. ³The organisation has a website and publishes an informative yearly report at the very latest by twelve months after the end of the business year. ⁴The design of the website and the yearly report is clear and comprehensible, and has a scope which sufficiently takes the organisation's complexity into account. ⁵The organisation provides the DZI with all necessary documents and discloses any information to the DZI which enables the DZI to check whether the Seal of Approval Standards are being complied with.

a. Annual report and website

(1) ¹The organisation publishes the information mentioned in figures 2-15 in its yearly report. 2If this information is only available on its website, the yearly report includes a reference to this additional information.

(2) ¹The organisation provides information on itself and also its bodies, comprising respective tasks, staff composition and form of appointment. 2It publishes the names of members of the management body, management board and special supervisory body.

(3) ¹Whether the members of the various bodies are employees or volunteers is made clear by the information about the organisation's structure. 2The information about the organisation's structure also contains informative details about substantial memberships, affiliation with international associations, and particularly important legal bodies which are linked with the company through participations, spin-off companies, or other forms.

(4) ¹The organisation describes its major objectives and strategies as well as the major opportunities and risks associated with these. 2It provides information about the structure and functioning method of its international control mechanisms.

(5) ¹The organisation provides comprehensive, summary reports about the major projects and programs which were supported during the year under review. 2In addition to these reports, the organisation estimates how much of the funds have been spent, objectively describes important successes and failures, names important project or financial partners and provides basic information on efficiency monitoring as well as future planning.

(6) The organisation discloses the number of members who can vote and, where appropriate, the number of members who provide financial support, as of the end of the business year. It also discloses the number of paid employees and, as far as possible, the number of volunteers as of the end of the business year.

(7) ¹The organisation publishes the total yearly income in the year in review of the paid members of the management body and the management team, naming the individual functions of the respective members. ²If there are reasons not to publish details of individual cases, these are explained by the organisation and the sum of the corresponding total yearly income as well as the number of individuals affected is published instead. ³If the levels of compensation of individual members of the management team can be inferred from the publication of the sum of the total yearly income, then this information can remain unpublished and the reasons for this should be justified in the yearly report. ⁴If the organisation comprises more than 20 employees, it provides sufficiently detailed information about the structure and range of the total yearly income of its employees and members of its various bodies, specifically and transparently naming the upper and lower limits or the average figures.

(8) ¹The organisation publishes the amount of expense allowances that the members of its various bodies receive each year, naming the specific function of the respective member. ²If there are reasons why certain details about particular individuals should not be published, these are explained by the organisation, and the total sum of the expense allowances given each year to the respective body as a whole, as well as the respective number of people in question, is published instead.

(9) ¹The organisation concisely describes its collaboration with service providers and companies (see Seal of Approval Standard number 3, letters h and i). ²The organisation explicitly lists the names of the major service providers and companies.

(10) The organisation concisely describes the way that performance-related pay is provided within the framework of its fundraising.

(11) If the organisation enters into transactions with its own employees or members of its various bodies or with individuals who are linked with these people, this is explained in the yearly report or on the website.

(12) The organisation concisely and exemplarily explains its forms of advertising, in order to create transparency and acceptance surrounding this matter in the public eye.

(13) ¹The organisation publishes – including the data from the previous year as a comparison – its revenue and expenditure; or rather its incomings and outgoings, as well as its assets, in accordance with the minimum requirements listed in Seal of Approval Standard number 6, figures 4 to 6. ²It explains the major items as well as possible obvious deviations from the previous year, and also evaluates its general financial state.

(14) ¹If an organisation passes on more than half of its project expenses to another individual organisation for another use, this is explained in the yearly report. ²Similarly, this also applies to an organisation which receives more than half of its funds from another individual charity. ³If advertising- or administrative expenses (for example expenses for street advertising) are financed directly by a central organisation or another third party, then the organisation provides information about the amount and content of this in its yearly report.

(15) The organisation provides information about the scope and results of the audit of its financial statement.

(16) ¹On its website, the organisation provides significant information in an easily accessible, contemporary form. ²In particular, this information includes the yearly report, the statute, the composition of its management body and special supervisory body, as well as important contacts.

b. Obligation to give a statement and to disclose information

(1) ¹The organisation discloses to the DZI all the information which the DZI needs in order to check that the organisation is complying with the Seal of Approval Standards. ²It promptly and comprehensively notifies the DZI about major changes as well as issues which could break the Seal of Approval Standards.

III. Codes of practice

1. Assessing the application requirements

¹In order to assess whether the application requirements are met, the DZI must be presented with the following documents:

- Complete extract from the association register or commercial register, or a permit for foundations
- Statute
- Notice of exemption from the relevant tax office (no "temporary statement")
- Financial statement for the two most recent business years
- Current advertising and informational material

²Any further information which is necessary to assess whether the application requirements are met shall be disclosed to the DZI on request. ³If the organisation fulfils the application requirements, the documents to apply for the Seal of Approval will be sent to the organisation.

2. Application for the Seal

¹The application for being awarded the Seal of Approval shall be submitted by means of a form specifically created for this purpose, which the DZI sends to the organisation once it has successfully checked that the organisation meets the application requirements. The DZI also sends the organisation the Seal of Approval questionnaire, as well as the declaration of consent to data usage. ²The DZI provides written confirmation of receipt of the application.

3. Documents and requests

¹The organisation fills out the whole Seal of Approval questionnaire and sends this to the DZI, along with the application and an updated version of any other necessary documents. ²A list of all the documents to be submitted can be found in the questionnaire. ³Amongst others, the necessary documents are:

- Complete extract from the association register or commercial register, or a permit for foundations.
- Statute
- Notice of exemption from the relevant tax office (no "temporary statement")
- Minutes of the meeting of the supervisory body (see Seal of Approval Standard number 2.b, figure 7)

- Financial statement, along with confirmation of audit, or audit report (see Seal of Approval Standard number 6)
- List of total yearly salaries of paid members of the management body and the management board (see Seal of Approval Standard number 5.a)
- Itemized list of expense allowances given to members of the management body and the supervisory bodies as well as complete explanation of expense allowances given to other voluntary members
- Specimen copies of all advertising materials produced in the last twelve months
- Specimen copies of a representative selection of further informational material produced in the last twelve months

⁴The organisation provides full and truthful responses to any further requests that the DZI makes.

⁵If the organisation does not provide a response within four weeks, after having been reminded twice, the application for the Seal of Approval will be rejected and this will be chargeable.

4. Assessments

(1) ¹The DZI shall use the documents provided and further sources of information to assess whether the organisation is compliant with the Seal of Approval Standards. ²Additional information and documents, in particular with regard to possible reasons for the rejection of an application, can be gathered during the assessment process if necessary. ³A usual part of the assessment process is a meeting with the organisation's management team. ⁴In addition, meetings like this take place at appropriate time intervals or for specific reasons (in the case of applications for extension). ⁵The results of the assessment process are documented in a report which will be shared with the organisation.

(2) ¹If the organisation is awarded the Seal of Approval three years in a row, the DZI shall only conduct a full assessment of the organisation once every three years from that point onwards. In the two years in between, it shall only conduct an intermediary assessment of the organisation's content. ²This intermediary check involves a corresponding variant of the standard Seal of Approval questionnaire, as well as a list of all the necessary documents to be provided. ³The DZI can conduct an intermediary check of further test content and extend this to a full assessment.

5. Exceptional cases

¹In justified exceptional cases, in particular with regard to structure, framework and complexity of the organisation, the DZI can create rules which deviate from the original Seal of Approval Standards. ²The DZI discloses these exceptional cases within the framework of its own informational activity.

6. Awarding the Seal, and the Seal's validity period

¹The Seal of Approval is valid for the four quarters which follow the point at which it is first issued. ²The DZI shall issue a certificate to confirm that the Seal has been awarded, together with information about the Seal's validity period. ³The validity shall be extended for one year if an application for extension results in the re-awarding of the Seal.

7. Use of the Seal

¹Once the organisation has been awarded the Seal, it gains the right to use the Seal emblem in its protected form during the validity period, in order to boost the impact of advertising. ²In this case, the DZI's guidelines regarding this should be observed. ³As soon as the Seal's validity period is over, it can no longer be used. ⁴In this case, any advertising or informational material which referred to the previously awarded Seal may no longer be circulated. This rule has immediate effect.

8. Rejection of an application for the Seal

¹The DZI provides the organisation with a written justification of its decision to refuse to award the Seal. ²A new application can only be made once two years have passed since the organisation's receipt of the rejection of the initial application. ³In the case of a rejection, an appeal can be made with the Appeals Committee, according to figure 14 of the procedural arrangement.

9. Revocation of the Seal

¹If issues arise which make the awarding of the Seal problematic, the DZI can revoke the Seal before the validity period is over. ²In this case, please refer to procedural arrangement number 8.

10. Renewal of the Seal

¹Any time up to three months before the end of the validity period of the Seal, the organisation can apply to the DZI for an extension of the validity period. ²The application for an extension is enclosed with any updated documents, according to procedural arrangements numbers 2 and 3. ³In justified exceptional cases, the application for extension can be extended right up to the day when the validity period runs out. ⁴If the DZI is delayed when going through an application for extension which was submitted on time or before an agreed extended deadline, and this process is not finished by the time the previous validity period is up, the Seal remains valid up until the point at which the decision about the application is made known to the organisation.

11. Confidentiality

¹The DZI shall treat all documents provided by the organisation for the application with complete confidentiality. ²However, new findings which are discovered by the DZI's Donor Advisory Service during the analysis of the documents can be used within the framework of its informational activity. ³The DZI is not authorized to inform third parties about the receipt of, or rejection of, an initial application for the Seal. ⁴The names of organisations whose Seal is no longer valid (due to a failure to submit an application for extension, the rejection of an application for extension or the revocation of the Seal) are published by the DZI with appropriate differentiation over a period of twelve months after the validity is revoked. ⁵In the case of a rejected application for extension, or the revocation of the Seal, the DZI shall publicly and adequately explain the reasons for its decision.

12. Fees for the assessment process

(1) The first time and every subsequent time the assessment process for the awarding of the Seal is carried out, the DZI shall charge the organisation which has submitted an application with a fee, which shall be determined by the fee schedule decided upon by the DZI's management board.

(2) ¹The handling fee comprises a basic payment of €500 and an additional payment of 0.035% of the total income of the business year under review. ²Donations from other organisations are not taken into account when calculating the fees to be charged, provided that the donor organisation holds the DZI's Seal of Approval and the relevant cash flow is presented transparently to the DZI.

³The first time an application is made, a one-off additional fee is also charged.

⁴Organisations with a total income of less than €500,000 are charged €250, organisations with a total income of between €500,000 and €2.5 million are charged €500 and organisations with a total income of over €2.5 million are charged €1000. ⁵The handling fee for the assessment process does not exceed €12,000. ⁶Organisations whose income from fundraising makes up less than 10% of its total income pay a basic sum of €5000 and an additional sum of 0.025% of the total income of the business year to be assessed. The total fee for the assessment process does not exceed €6000. ⁷The named fee rates are subject to the statutory VAT.

(3) ¹For the first application, the fees for the checking process are to be paid before the processing of the application and the DZI shall provide an invoice for this. ²The DZI shall only start processing the application once the fees have been paid. ³In the case of applications for extension, the total processing fee shall only become payable once the checking process is complete.

13. Liability

¹The DZI, its legal representatives and their agents shall assume no liability for the organisation submitting the application. ²This does not apply to cases of gross negligence or wrongful intent displayed on the part of the DZI, its legal representatives and their agents.

14. Appeals Committee

(1) ¹If an initial application or application for extension is rejected, or if the Seal of Approval is removed, the organisation can write to the DZI to inform them of its intention to appeal this decision. The organisation must do this within one month after being notified of the decision of rejection of the application or removal of the Seal. ²The reasons for this appeal must be justified in writing. ³In order to be able to start the process of making an appeal, the processing fee of the relevant application for the Seal of Approval must already have been paid. ⁴If an appeal is made in the case of a rejection of an application for extension, the process shall be delayed.

(2) ¹The members of the Appeals Committee shall act independently when making their decision. ²They are not permitted to work for the DZI, any of its committees, or other responsible bodies. They are also not permitted to be paid employees or voluntary workers at an organisation which currently holds, or has previously held, the Seal of Approval.

(3) The Appeals Committee shall be made up of five people who shall pursue one of the following professions:

- Lawyer
- Economist
- Publicist or journalist
- Director of a business or company
- Theologian or philologist

(4) ¹The members of the Appeals Committee are appointed by the DZI's management team for a period of two years. ²Re-appointment of members is permitted. ³The majority of the members of the Appeals Committee shall sit on the committee for no longer than ten years.

(5) ¹When it is first called, the Appeals Committee shall draw up internal regulations for itself, which will be applicable for the period for which its members have been appointed. ²The committee shall make use of a written procedure for its decision. ³This decision shall be binding for the DZI.

15. Coming into effect and other conditions

(1) ¹These Guidelines were first implemented on January 1st 1992 by resolution of the DZI. ²This version of the Guidelines, whose content has been edited, came into effect on January 1st 2016, in consideration of Figure 2 (see below) as well as the transitional regulation. ³This means that these Guidelines are applicable to every initial application which the DZI has received since the point when these Guidelines came into effect, as well as to all Seal of Approval organisations whose Seal was due to expire on December 31st 2015 (in due consideration of the transitional regulation).

(2) According to the protection of legitimate expectations, application requirement number 5 does not apply to organisations which already held the Seal when this version of the Guidelines came into effect.

16. Regulation for transitions

For organisations which already held the Seal of Approval when this version of the Guidelines came into effect or who had applied for the Seal at this point, Figure 2 of Seal of Approval Standard No. 4.b. will only apply to the financial year of 2016.

IV. Glossary of terms

§53 Law on Budgetary Procedures > According to §53 of the Law on Budgetary Procedures, the final audit also includes an assessment of the management team and a description of the economic circumstances. A corresponding questionnaire is set out in Checking Standard IDW PS 720, set by the Institute of Auditors in Germany e.V. §53 of the Law on Budgetary Procedures determines the basic rights of regional authorities in relation to private companies in which regional authorities have a majority participation. The additional assessment according to §53 is also commissioned by charities which receive public funding.

Dependent relationship > A dependent relationship is characterized by a given person's limited ability to make an independent decision. It can in particular apply to contractual relationships, employment relationships or supervisory relationships.

Supervisory body > The supervisory body is usually the top statutory body (general meeting, council of a foundation, shareholder meeting etc.)

Expenses allowances > These in particular include lump-sum payments, attendance fees and hourly pay, but do not include the basic reimbursement of expenses.

Expenses > (see "Income/Revenue")

Special supervisory body > The special supervisory body (for example the supervisory board, or the administrative board) monitors the supervisory body as well as the management body.

Cause-related marketing > Cause-related marketing (see also "Marketing for a specific purpose") involves a form of marketing in which, when a product or service is bought, the provider gives a portion of the profit to a charity.

Income/Revenue > In the Guidelines, the terms "Income" and "Expenses" are predominantly used. They are to be understood in the sense of the terms "Revenue" and "Expenditure" (if the annual accounts follow the accrual principle).

Voluntary work > In these Guidelines, a voluntary contribution to a charitable organisation is considered a form of voluntary work, if this does not include any kind of monetary compensation for the work completed. Payments which the organisation might make to the voluntary workers are limited to basic reimbursements of expenses, appropriate reimbursement of lump-sum payments or additional payments which do not exceed what is termed the "training manager's tax-free allowance" according to §3 number 26 of the Income Tax Law.

Sponsoring membership > Sponsoring members are members without the right to vote. The contributions of the sponsoring members are allocated to the monetary donations and not to the members' contributions.

Monetary donations > Monetary donations include in particular the monetary donations made by individuals and businesses as well as church collections, sponsorship contributions and sponsoring members' contributions. They also include what are known as "donation waivers". These are presented whenever a claim for remuneration is made for a service in the context of day-to-day business, and this claim is waived in retrospect. However, this does not apply to services which were completed free of charge right from the outset (for example, voluntary work). Grants from other charities do not count as monetary donations.

Total income > This includes all income and revenue from one business year. However, like with profit and loss statements, with revenue and expenses statements, possible income from loans as well as from withdrawals from savings does not count towards the "total income" of an organisation (as it is referred to in these Guidelines).

Paid work > In these Guidelines, this refers to work for which monetary compensation is provided for tasks completed, and for which the usual number of working hours per week exceeds 19. Whether the work in question is the person's main source of income is irrelevant.

Institute of Auditors in Germany e.V. > The Institute of Auditors in Germany e.V. (IDW) is the voluntary association of auditors and auditing firms in Germany. Amongst other tasks, the IDW develops professional standards for accounting and auditing, which auditors must use. The following statements produced by the IDW are particularly relevant for charitable associations and foundations:

- Financial Statement of Charities (IDW ERS HFA 21)
- Financial Statement of Associations (IDW RS HFA 14)
- Financial Statement of Foundations (IDW RS HFA 5)
- Audit of Associations (IDW PS 750)
- Audit of Foundations (IDW PS 740)

Total yearly income > The definition of total yearly income conforms with commercial regulations. The following items are included in the total income: salaries, expenses allowances, commissions, insurance payments and any other benefits (for example monetary benefit through privately handing over a company car). Items which are not included in the total income are, amongst other items, employers' social security contributions, additional payments into pension provisions, and contributions to management liability insurance. Also included in the total income are earnings which the relevant individuals receive for possible tasks completed for institutions linked with the organisation.

Performance level > The Seal of Approval Standards ensure that the organisations have a high performance level, in particular through the rules regarding appropriate management and supervisory structures as well as an economical, frugal and effective use of funds. This is based on a comprehensive understanding of performance level, but not on the requirement to define performance level in the more specific sense of social legislation.

Management body > The management body is the organisation which is responsible for the management team, according to the statute. Generally speaking, this is the management board.

Membership fees > Membership fees are contributions from members who have the right to vote. Their donations, as well as contributions from supporting members who are not allowed to vote, do not count towards membership fees, but instead towards monetary donations.

Personally linked > Individuals who are personally linked are those who are related, married or related by marriage, or those who are life partners. In addition, individuals who are personally linked are those who have children which are not their own, but their partner's.

Project expenses > Project expenses include all expenses which directly serve the purposes laid out in the statute. The category of project expenses is divided into expenses for project promotion, for project assistance, and for campaigning, educational and informational work laid out in the statute. Project expenses also include expenses for programs, service providers and institutions. The DZI's concept of "Advertising and administrative expenses of charities" defines the boundary between project expenses and expenses for advertising or administration.

Financial statement > The financial statement documents the cash flow and the general financial situation of one business year. It can take the form of an annual financial statement (including statement of revenue and expenses, together with a statement of the general financial situation) or a commercial annual financial statement (including a balance sheet, a profit and loss statement, appendices and, if applicable, a status report).

Donations in kind > Donations in kind are taken into consideration in the financial statement if they were presented as tax-deductible contributions, or if a chartered account or an auditor has conducted a proper assessment of them.

Funds raised > The funds raised include cash donations, donations in kind, membership fees, inheritances, endowments, and finds. Donations in kind will only be included if they have been confirmed by tax receipts or if their value has been confirmed by a chartered accountant or an auditor.

Advertising and administrative expenses > Advertising and administrative expenses are all expenses which collaterally help to fulfill the statutory goals. The definition of advertising and administrative expenses is codified in the DZI concept "Advertising and Administrative Expenses of Donation Soliciting Organisations".

Impact Monitoring > Impact monitoring is the continuous supervision and evaluation of outcomes produced by a project or activity, targeting on an impact oriented controlling.

Service clothing > Service clothing for the purpose of these guidelines identifies clothes of function owners which is deemed to allow their clear identification. Those function owners, for instance, are staff members from emergency rescue services, nursing services, and fire fighters. T-shirts or sweaters which are branded with the name or logo of the charity are not regarded as service clothing.

Grants from other organisations > These are mainly grants from public benefit or church-related organisations. Those grants do not constitute monetary donations.

Government grants > In particular, Government grants include institutional and project-related grants from federal states, counties, local authorities or the European Union. Nursing per diem charges and similar compensations are not qualified as government grants but as compensation for services rendered.

Information about the DZI

Founded in 1893, the German Central Institute for Social Issues is an independent scientific documentation- and information centre for the fundraising sector and also for the theory and practice of social work. Since 1957 it has held the legal status of a civil law foundation and has been financed by the Berlin Senate, the Federal Ministry for Family Affairs, Senior Citizens, Women and Young People, the German Chamber of Commerce and Industry, the German Association of Cities and the Free Federal Association for Non-Governmental Welfare Work.

Donor Advisory Service. Since 1906, the DZI has been documenting information about charities, evaluating their work and providing individuals, businesses, the media, the authorities and other people who are interested, with information regarding these charities. The most well-known form of information is the Seal of Approval, which the DZI has awarded since 1992. The Seal can be awarded provided that the organisation voluntarily applies for it and consents to the DZI conducting thorough assessments of the organisation. The first year after the Seal is awarded, it is renewed on a yearly basis. In addition, the DZI's Donor Advisory Service provides specific information pertaining to the numerous aid organisations which do not hold the Seal of Approval. This information is available free of charge on the DZI's website or can be sent by post to anyone who is interested, on request. Further information about the organisations who currently hold the Seal of Approval and about the general fundraising sector can be found in the DZI's Donation Almanac ("DZI Spenden-Almanach"), which is updated each year, and in the newspaper supplement "Spendenmagazin".

Social Literature. The DZI maintains one of the most comprehensive specialized libraries for the areas of social work, social studies and welfare work in the German-speaking world. The works in the library date back to 1880. Along with other publications, the DZI has been publishing the monthly specialist journal "Social Work" since 1951. This journal ranks among the most recognized periodicals in its field. Since 1979, the DZI has been indexing the contents of its library on its literature database, DZI SoLit. The database, which is subscribed to by about 230 universities, currently comprises 220,000 sources of literature, all of which are available at the DZI itself and which are supplemented by around 170 specialist journals and recently published books.

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