



**BYLAWS OF THE
NORTH AMERICAN DEVELOPMENT BANK**

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BYLAWS OF THE NORTH AMERICAN DEVELOPMENT BANK

Article 1. Scope

(a) These Bylaws are adopted under the authority of, and are intended to be complementary to, the Second Protocol of Amendment (the "Protocol") to the Agreement Between the Government of the United States of America and the Government of the United Mexican States Concerning the Establishment of a Border Environment Cooperation Commission and a North American Development Bank, signed on January 17, 2017 and April 18, 2017. Appendix I to the Protocol shall hereinafter be referred to as the "Charter."

(b) In the event of a conflict between the provisions of these Bylaws and the provisions of the Charter, the provisions of the Charter shall prevail. In the event of a conflict between these Bylaws and any rules and regulations adopted pursuant to the Charter, these Bylaws shall prevail.

Article 2. Offices

(a) The principal office of the Bank shall be located in San Antonio, Texas, United States of America.

(b) The Bank shall maintain a country office in Ciudad Juarez, Chihuahua, Mexico.

(c) The Board, at its discretion, may establish offices in such other locations as it determines.

Article 3. Meetings of the Board of Directors

(a) Pursuant to Chapter IV, Article V, of the Charter, the Board shall meet publicly at least twice each calendar year on such dates and in such locations as the Board shall determine, provided that the location of the meetings shall alternate between the U.S. and Mexico. The Board shall designate one public meeting each year as the Annual Meeting.

(b) The Board may hold additional meetings when it so decides.

(c) The Board may hold executive sessions where sensitive or confidential matters may be discussed, upon decision of the Chairperson of the Board (the "Chairperson") or upon request by any of the Board members provided that the Chairperson concurs.

(d) The Secretary, as defined in Article 8 herein, shall notify each Board member of the date, time and place of each meeting of the Board. Such notifications must be dispatched not less than thirty (30) calendar days prior to the date for any meeting, except that for non-

public meetings, in urgent cases, notice shall be sufficient if dispatched not less than ten (10) calendar days prior to the date set for the meeting. In addition, with respect to public Board meetings, the Secretary shall provide public notice at least thirty (30) calendar days prior to the date for the meeting.

(e) Delegates of federal board members shall be appointed in writing and in ex officio terms. The written appointment may include up to three alternates; however, only one alternate may perform the functions of the Board member, including voting, at any given time. The appointment of the delegate(s) will remain in effect unless a new appointment is made.

(f) Any delegate must have decision-making authority with respect to the matters on the agenda for the Board meeting attended by that delegate.

(g) Non-federal members of the Board shall have no delegates.

(h) A quorum for any meeting of the Board shall be three Board members from each Party or their delegates and shall include the Board members representing the U.S. Department of the Treasury, *Secretaría de Hacienda y Crédito Público* of Mexico, the Environmental Protection Agency of the United States, and *Secretaría de Medio Ambiente y Recursos Naturales* of Mexico.

(i) Except as the Board otherwise specifically directs, the Managing Director of the Bank (“Managing Director”), together with the Chairperson, shall be responsible for making all necessary arrangements for holding Board meetings.

Article 4. Attendance at Non-Public Board Meetings

(a) Non-public meetings of the Board shall be open for attendance only by Board members and/or their delegates; the Managing Director, Deputy Managing Director and Chief Environmental Officer of the Bank. Each Board member, the Managing Director and the Chief Environmental Officer may be accompanied by his/her staff to provide support.

(b) Any Board member or the Managing Director may invite to a non-public Board meeting additional staff or any person he/she deems appropriate, to advise the Board on any specific agenda item, provided that the Secretary is notified and there is no objection from any other Board member.

Article 5: Attendance at Public Board Meetings

(a) Public meetings of the Board shall be open for attendance by the participants named in Article 4 and members of the public. Any person may speak or submit a written statement on a matter related to NADB at the public Board meeting. A person seeking to speak or submit such written statement shall provide to the Secretary his/her name, topic, and organizational affiliation, if any.

(b) The Board may invite to a public Board meeting any person it deems appropriate to advise the Board on any matter relevant to the work of the Bank.

(c) The Chairperson, in consultation with the Board, may set reasonable limits on the total number of oral and written statements on each matter on the agenda and the time allowed for each. The Chairperson shall have the authority to decide all other operational aspects of the public meeting, in consultation with the Board, as appropriate, including the speakers to be recognized and the length of time an individual may speak.

Article 6. Agenda of Meetings

(a) The Chairperson, with the assistance of the Secretary, shall prepare an agenda for each meeting of the Board, and the Secretary shall transmit such agenda to each Board member with the notice of the meeting no later than thirty (30) calendar days prior to the date established for the meeting. The final draft agenda and support documents for the meetings shall be sent to all Board members not less than twenty-one (21) calendar days prior to the date of the meeting. In addition, for each public Board meeting, the Secretary shall include the draft agenda for the meeting with the public notice of such meetings.

(b) Additional items may be placed on the agenda for any Board meeting by any Board member provided that he/she shall give notice thereof to the Chairperson not less than fourteen (14) calendar days prior to the date set for the meeting and subject to approval of a majority of Board members present at the start of the Board meeting. Support documents for such additional items shall be sent to all Board members no less than seven (7) calendar days prior to the date of the meeting. In special circumstances, the Chairperson may at any time place additional items on the agenda for any Board meeting. The Chairperson shall give notice of the addition of any subjects to the agenda to each Board member as soon as possible. In no event will a vote on a project certification be held unless the requirements of Article 10(b) have been met.

(c) The agenda shall be submitted by the Chairperson to the Board for approval at the beginning of each meeting.

(d) Prior to, or in the course of, any meeting, the Board may modify or eliminate items from the agenda.

(e) Any item included on the agenda for a Board meeting, consideration of which has not been completed at that meeting, shall, unless the Board decides otherwise, be automatically included on the agenda for the next meeting.

(f) The Board shall be informed in a timely manner of all requests to the NADB for financing, certification and technical assistance. The Board shall be informed on a regular basis of the status of all such requests. A report on such requests and their status shall be an agenda item at each meeting of the Board.

Article 7. Chairperson

The Chairperson shall be, on an alternating basis, the representative of the U.S. Department of the Treasury or the *Secretaría de Hacienda y Crédito Público* of Mexico, or his/her delegate, for a one-year term. The Chairperson shall preside at all Board meetings during his/her term.

Article 8. Secretary

- (a) The Managing Director of the Bank shall serve as the Secretary of the Board.
- (b) The Board shall receive such support from the Secretary in the holding of its meetings and in the general execution of its functions as it deems appropriate.
- (c) The Secretary shall perform the following functions:
 - i) Assist the Chairperson in the preparation of the meeting agenda, in accordance with Article 6(a) of these Bylaws;
 - ii) Notify the Board of meetings at least thirty (30) calendar days in advance of a meeting, and at least ten (10) calendar days in advance for non-public urgent meetings, including in the notification the date, location and agenda, in accordance with Article 3(d) of these Bylaws;
 - iii) Notify the public of any public Board meeting at least thirty (30) calendar days in advance of the meeting, including in the notification the date, location and draft agenda, in accordance with Article 3(d) of these Bylaws;
 - iv) Distribute to Board members the necessary information for the meetings at least twenty-one (21) calendar days in advance (or as soon as feasible, but not less than five (5) days, in advance of a non-public urgent meeting) or, for added agenda items, at least seven (7) calendar days in advance, in accordance with Article 6(a) and (b) of these Bylaws;
 - v) Together with the Chairperson, be responsible for making all the necessary arrangements for Board meetings and for the logistics, including provision of simultaneous interpretation for Board meetings;
 - vi) Prepare the Board Resolutions for approval;
 - vii) Prepare the minutes of any Board meetings in accordance with Article 9 of these Bylaws;
 - viii) Between Board meetings, provide support to the Board in the performance of its functions (preparation of reports, papers, resolutions, etc.); and
 - ix) Handle any other matter or function that the Board instructs.

Article 9. Minutes

- (a) The Secretary of the Board shall prepare a summary record (Minutes) of each Board meeting, which shall be provided to each Board member.

(b) Verbatim records will be reflected in the minutes only if a Board member requests that his/her remarks be recorded verbatim.

(c) Within thirty (30) calendar days following a Board meeting, the Minutes of the meeting will be sent to the Board of Directors for review and approval.

(d) Minutes approved by the Board, except for those of executive sessions, shall be made available to the public, with material deemed too sensitive for public distribution redacted.

Article 10. Voting

(a) Subject to Chapter II, Article II, Section 1(c), of the Charter, all decisions of the Board of Directors shall require the approval of a majority of the directors appointed by each Party; provided that, in the case of any decision relating to or affecting project certification or financing, such majority shall include the directors representing the U.S. Department of the Treasury, *Secretaría de Hacienda y Crédito Público* of Mexico, the Environmental Protection Agency of the United States, and *Secretaría de Medio Ambiente y Recursos Naturales* of Mexico in order to ensure appropriate consideration of financial, technical and environmental matters. A written record of such decisions shall be made public in English and Spanish.

(b) The Board shall vote on project certification in accordance with Chapter III, Article II, Section 2, of the Charter only after the public has had an opportunity to comment to the Board on the certification of each project. The public comment period prior to a Board decision on project certification shall be at least thirty (30) calendar days, except in the case of grants made through the Community Assistance Program (CAP), in which case the public comment period shall be at least fourteen (14) calendar days. The Managing Director shall ensure that the Board of Directors receive any comments submitted in a timely manner, in anticipation of its decision.

(c) At any meeting of the Board, the vote of any Board member must be cast in person by the Board member or his/her delegate.

(d) At any meeting the Chairperson may ascertain the sense of the meeting in lieu of a formal vote, but he/she shall require a formal vote upon the request of any Board member. Whenever a formal vote is required the written text of the motion and/or resolution shall be distributed to the Board members.

Article 11. Voting without Meeting

(a) Whenever the Chairperson, in consultation, as appropriate, with the Managing Director, considers that the decision on a specific question which is for the Board to decide should not be postponed until the next meeting of the Board and does not warrant the calling of a meeting of the Board, the Chairperson shall request the Board to vote without meeting.

(b) In making the request, the Secretary shall transmit the necessary resolution and supporting documents to the Board by an appropriate means of communication. The Board members shall transmit their votes in writing by an appropriate means of communication.

(c) Approval of a resolution by a vote without a meeting shall require that the votes submitted meet the quorum requirements of Article 3(h) and the voting requirements of Article 10(a) and (b).

Article 12. Terms of Service

The reasonable expenses incurred by non-federal Board members in attending meetings of the Board shall be financed by the Bank unless otherwise established by mutual agreement.

Article 13. Conflicts of Interest

(a) Members of the Board of Directors (including delegates) shall preserve and enhance public trust and confidence in the integrity of NADB.

(b) For the purposes of this Article, a Conflict of Interest is a situation or circumstance in which private interests of a member of the Board of Directors (including delegates) influence or may influence the objective and impartial performance of their official duties. In this regard, private interests include any advantage for themselves, their families, or personal acquaintances.

(c) Members of the Board of Directors (including delegates) must avoid any situation involving a Conflict of Interest or the appearance of the Conflict of Interest. Such individuals finding themselves in such a situation must recuse themselves and inform the General Counsel and the rest of the Board members of such recusal. In case of doubt, members of the Board of Directors (including delegates) may refer the matter to the General Counsel for guidance.

(d) The Bank is committed to maintaining fairness, impartiality and transparent competitive processes. Therefore, members of the Board of Directors (including delegates) may not:

i) Use his/her position as a member of the Board to directly or indirectly promote the interests of a family member or himself/herself by creating or securing an employment opportunity at NADB for himself/herself or a close family member.

ii) Use undue influence (i.e., the use of his/her position or authority to direct or cause Bank Personnel to act inconsistently with applicable policies, regulations, or procedures of the Bank) in the consideration and processing of Bank projects, award of contracts, or management of human resources.

(e) Members of the NADB Board of Directors (including delegates) shall not seek, apply for, or take up appointment as a NADB staff member, engagement as an NADB consultant, or any other work remunerated by NADB, while serving as a Board member or within one year following the end of such service.

(f) A member of the NADB Board of Directors (including delegates) may not seek a contract or funding of any kind from NADB for any private entity with which the Board member or a close family member is affiliated, whether the affiliation is compensated or uncompensated. To the extent any contract or other funding from NADB to a private entity is under discussion by the Board or is subject to a vote by the Board, and a Board member has an affiliation with the entity seeking such contract or funding, whether compensated or uncompensated, the Board member must disclose such affiliation to the other Board members and the Bank and recuse himself/herself from the Board discussion and/or vote, as applicable, regarding that contract or funding.

(g) For a period of one-year following his or her service as a Board member, a member of the NADB Board of Directors (including delegates) may not represent before NADB any private institution or person that is seeking a contract or other funding from NADB, or that is the beneficiary of a contract or other funding from NADB.

(h) An individual member of the NABD Board of Directors (including delegates) shall not independently represent or act on behalf of the Bank or the Board of Directors unless approved or delegated to by the Board of Directors in accordance with the terms of the Charter and these by-laws. When a member fails to abide by this provision, the remaining members shall jointly determine how to proceed, including whether to ratify the action taken by the individual member.

Article 14. Committees and Subcommittees

The Board may establish committees and subcommittees of the Board as it deems appropriate.

Article 15. Authority of the Managing Director, Deputy Managing Director and Chief Environmental Officer

(a) The Managing Director, in coordination with the Deputy Managing Director and the Chief Environmental Officer, shall conduct, under the direction of the Board, the ordinary business of the Bank and shall exercise all powers delegated to him/her by the Board.

(b) The Deputy Managing Director will perform the functions of the Managing Director in the event of the absence or incapacity of the Managing Director.

(c) The Chief Environmental Officer shall exercise all powers delegated to him/her by the Board, including those specified in Chapter III, Article III, Section 3(b), of the Charter. The Chief Environmental Officer shall work in coordination with all Bank departments to ensure that all functions of the Border Environment Cooperation Commission (BECC) are preserved within the activities of the Bank and shall provide overall direction to ensure the environmental integrity of the Bank's operations.

(d) All policy or other issues requiring Board direction to the Bank shall be communicated, by the Board Chairperson to the Managing Director on behalf of the entire

Board of Directors, once the majority of the Board has reach an agreement in accordance with Article 10 of these Bylaws. This does not preclude direct communication by any Board member to the Managing Director, Deputy Managing Director or Chief Environmental Officer on specific matters.

Article 16. Written Submissions

Any person may make a written submission to the Board in either of the official languages of the Bank at any time and on any subject relevant to the work of the Bank. The Board of Directors may establish additional procedures regarding interaction with the public, consistent with Chapter II, Article III, Section 14, of the Charter.

Article 17. Written Reports

(a) The Board shall establish the criteria and procedures, including the conditions for presenting reports that the Managing Director, Deputy Managing Director and Chief Environmental Officer shall follow in order to promptly present to the Board matters that require its attention.

(b) The Managing Director and Chief Environmental Officer shall submit to the Board an annual report in conformity with Chapter II, Article VII, Section 4(a), of the Charter, which shall include the audited statements of the accounts referred to in Article 19(b) herein. The report(s) shall be reviewed and approved by the Board and shall subsequently be made available to the public.

(c) The Chief Environmental Officer shall prepare a report in accordance with Chapter II, Article VII, Section 4(b), of the Charter and submit it to the Managing Director to be included in the Bank's annual report.

(d) The Managing Director shall submit to the Board quarterly a summary statement of the Bank's financial position and a profit-and-loss statement showing the results of its operations, in conformity with Chapter II, Article VII, Section 4(a), of the Charter.

(e) The Managing Director, in coordination with the Chief Environmental Officer, shall submit to the Board a report or reports at least quarterly that shall include the following: the project pipeline for certification and financing; the status of projects under design or construction; the status of project disbursements; the status of technical assistance requests and approved technical assistance; total financing (by program); total technical assistance (by program); loan portfolio statistics; project results measurement activities; other information that may be requested by the Board; and, if appropriate, results of any public consultations undertaken during the reporting period, including those consultations held as follow-up of Board decisions.

Article 18. Fiscal Year

The financial year of the Bank shall begin on 1 January and end on 31 December of each year.

Article 19. Budget and Audits

(a) In accordance with Chapter II, Article III, Section 13, of the Charter, the Managing Director, with the participation of the Chief Environmental Officer, shall prepare an administrative budget annually for the Bank, to be presented to the Board for its approval.

(b) The accounts of the Bank shall be audited in accordance with generally accepted accounting principles at least once a year by independent external auditors of international reputation chosen by the Board on the basis of proposals by the Managing Director. The Managing Director shall submit to the Board for approval the audited Consolidated Financial Statements with Report of Independent Auditors and Report to Management. Upon approval by the Board, these documents shall be available to the public in the annual report referred to in Article 17 herein.

Article 20. Official Languages

(a) The official languages of the Bank and its Board of Directors are Spanish and English.

(b) All Board documents, including agendas, minutes and texts of motions and/or resolutions, shall be prepared in both English and Spanish, each text being equally authentic.

(c) Participation in the Board meetings may be in either one of the official languages, and simultaneous interpretation in both languages shall be provided at all Board meetings.

Article 21. Confidentiality and Protection of Information

(a) The Board shall establish rules of confidentiality and appropriate treatment of information that requires protection from disclosure, pursuant to the Charter, these Bylaws or other applicable regulations adopted by the Board, pursuant to Chapter IV, Article VII, Section 1, of the Charter.

(b) The Board may direct the Bank to enter into confidentiality agreements with third parties outside the Bank to protect information designated confidential pursuant to the Charter, these Bylaws or other applicable regulations adopted by the Board, pursuant to Chapter IV, Article VII, Section 1, of the Charter.

Article 22. Definitions

Terms that are defined in the Charter have the same meaning in these by-laws.

“Non-federal Board member” means a Board member who is not representing the Mexican or the United States federal governments, namely, one of the following: the representative of

one of the U.S. border states; the representative of one of the Mexican border states; a member of the United States public who is a resident of the border region; or a member of the Mexican public who is a resident of the border region.

Article 23. Amendment of the Bylaws

These Bylaws may be amended by the Board at any meeting thereof or by vote without a meeting as provided in Article 11. In amending these Bylaws, the Board shall strive to act by consensus.