

## By-Laws of the European Bank for Reconstruction and Development

These By-Laws are adopted under the authority of, and are intended to be complementary to, the Agreement establishing the European Bank for Reconstruction and Development (hereinafter referred to as the “Agreement”); and they shall be construed accordingly.

In the event of a conflict between the provisions of these By-Laws and the provisions of the Agreement, the provisions of the Agreement shall prevail. In the event of a conflict between these By-Laws and any rules and regulations adopted pursuant to the Agreement, the By-Laws shall prevail.

### Section 1: Principal Office and offices of the Bank

- a) The Principal Office of the Bank shall be located in London.
- b) The Board of Directors may authorize the establishment of agencies or branch offices of the Bank at any place in the territories of any member, whenever it is necessary to do so in order to facilitate the efficient conduct of the business of the Bank.

### Section 2: Rules of Procedure - Board of Governors

All matters before the Board of Governors shall be governed by the Rules of Procedure of the Board of Governors.

### Section 3: Conditions of service - Governors

Governors and their Alternates shall perform their duties without remuneration from the Bank. Their expenses incurred in attending meetings of the Board of Governors shall not be paid by the Bank.

### Section 4: Conditions of service - Directors

- A) **Service**
  - a) Each Director and his or her Alternate shall devote to the activities of the Bank such time and attention as the interests of the institution may require, and one or other shall normally be available at the Bank’s principal office.
  - b) If he or she does not intend to be a full time Director of the Bank, such Director shall, as soon as possible after assuming office and from time to time as necessary, determine, in consultation with the President, how much time he or she and his or her Alternate will devote to the business of the Bank.
  - c) When a Director or his or her Alternate is unable to attend to the business of the Bank for reasons of health or similar reasons, the Director may appoint a temporary Alternate to take his or her place. The temporary Alternate shall receive no salary or compensation for expenses in this capacity for his or her services.

**B) Remuneration**

- a)** The Bank shall bear the cost of remuneration of any four people in respect of each Directorship. If a Directorship chooses that its Director and his or her Alternate shall be among those four, they shall receive a remuneration for the time of service rendered to the Bank at such annual rates as shall be determined from time to time by the Board of Governors. Remuneration as determined shall continue until changed by the Board of Governors. Such remuneration shall be prorated, in accordance with such provisions as the Board of Directors shall from time to time approve, according to the time spent by the Director or Alternate in the service of the Bank, as evidenced by such detailed certifications necessary to establish the exact periods of service for the Bank. Remuneration shall be paid in accordance with the established procedures of the Bank.
- b)** Full-time Directors and Alternates resident in London may participate in such medical, pension, retirement and other benefits as may be established for the staff of the Bank. Directors and Alternates who are not full-time or who are not resident in London shall participate in such medical, pension, retirement and other benefits as shall be agreed with the President on a case-by-case basis with a view to ensuring that the benefits available to those Directors and Alternates are reasonable, once due account has been taken of how much time he or she and his or her Alternate will devote to the business of the Bank.

**C) Expenses (travel and leave)**

- a)** The Board of Directors may make appropriate provision whereby:

  - i)** Each Director and Alternate Director shall be entitled to a reasonable allowance for expenses which in the opinion of the Bank were incurred by him or her in travelling officially, with the concurrence of the Board of Directors, to the country or countries he or she represents or on such other missions as the President may request for the Bank.
  - ii)** Each full-time Director and Alternate Director resident in London shall be entitled upon the completion of each two (2) years of continuous full-time service in either or both capacities to receive a reasonable allowance for expenses incurred for transportation of him or herself and his or her immediate family in making a single round-trip journey for annual leave in the country of which he or she is a national, provided that in the case of a Director, he or she is, at the date of beginning the trip, in a term of service which will expire not less than six (6) months thereafter, and, in the case of an Alternate, he or she is, at the date of beginning of the trip, serving in a term of service which, even if there is a change of Director, is expected to expire not less than six (6) months thereafter.

- b)** Any Director or Alternate Director who requests reimbursement or compensation from the Bank for expenses he or she has incurred in fulfilling a commission for the Bank, shall include in this request a statement to the effect that he or she has not received, nor will he or she receive, reimbursement or compensation for such expenses from any other source.
- c)** Any Director or Alternate Director shall be entitled in accordance with guidelines established by the Bank, to reimbursement of reasonable expenses which in the opinion of the Bank were incurred by him or her in connection with official Bank business.
- d)** The term “full-time” shall be deemed to mean full-time service for the Bank, excepting absences provided for by (a) of this sub-section and occasional other periods of absence from the principal office of the Bank. The “reasonable allowance” for expenses referred to in C (a) (i) above shall include appropriate costs of travel and transportation and shall be based on the established policies and ceilings established by the Bank.
- e)** In the interest of the Bank other appropriate arrangements consistent with the By-Laws and their purposes may be made in individual cases, as determined by the Board of Directors.

**D) Office services**

The Bank shall provide, subject to the provisions of sub-section B of this section, such secretarial and other staff services, office space and other facilities as may be necessary for the performance of the duties of the Directors and their Alternates.

**Section 5: Conditions of service - President**

The salary, and any other terms of remuneration, and any allowances of the President shall be determined by the Board of Governors on recommendation of the Board of Directors and shall be included in his or her contract. The President may participate in such medical, pension, retirement and other plans as may be established for the staff of the Bank.

**Section 6: Conditions of service - Vice President(s)**

The salary, and any other terms of remuneration, and any allowances, and the term of office, the authority and functions of the Vice-President(s) shall be determined by the Board of Directors and included in his or her contract(s). The Vice President(s) may participate in such medical, pension, retirement and other plans as may be established for the staff of the Bank.

**Section 7: Code of Conduct**

At its inaugural meeting the Board of Governors shall adopt, and may from time to time revise, a Code of Conduct concerning inter alia personal investment holdings and transactions which shall be binding on all Directors, their Alternates and temporary Alternates, the President and Vice President(s), and officers and staff of the Bank.

## Section 8: Delegation of powers

- a) The Board of Directors is authorized by the Board of Governors to exercise all the powers of the Bank, with the exception of those expressly reserved to the Board of Governors by paragraph 2 of Article 24 and other provisions of the Agreement, and subject to these By-Laws. The Board of Directors shall not take any action pursuant to powers delegated by the Board of Governors which is inconsistent with any action taken by the Board of Governors.
- b) The President shall conduct, under the direction of the Board of Directors, the current business of the Bank. The Board of Directors shall establish conditions (including provision for reporting), procedures and thresholds pursuant to which the President may submit various types of matters to it for consideration under an expedited procedure.

## Section 9: Special representation of members at meetings of the Board of Directors

Whenever the Board of Directors is to consider a matter particularly affecting a member which has no Director or Alternate of its own nationality, the member shall be promptly informed by rapid means of communication of the date set for its consideration and shall have the right to send a representative to the meeting. No final action shall be taken by the Board of Directors, nor any question affecting the member submitted to the Board of Governors, until the member has been offered a reasonable opportunity to present its views and to be heard at a meeting of the Board of Directors of which the member has had reasonable notice. Any member, so electing, may waive this provision.

## Section 10: Vacant directorships

- a) When a new Director has to be elected because of a vacancy arising in terms of paragraph 5 of Article 26 of the Agreement, the President shall notify the members which elected the former Director of the existence of the vacancy. The President may convene a meeting of the Governors of such countries for the exclusive purpose of electing a new Director; or he or she may request that candidates be nominated and conduct the election by any rapid means of communication. Successive ballots shall be cast, in accordance with the principles of Annex B of the Agreement, until one of the candidates receives an absolute majority of the votes cast; and after each ballot the candidate with the smallest number of votes shall be dropped from the next ballot.
- b) When a new Director is elected, the Alternate of the former Director shall continue in office until he or she is re-appointed or a successor to him or her is appointed.

## Section 11: Report of the Board of Directors

At each annual meeting of the Board of Governors, the Board of Directors shall submit an annual report on the operations and policies of the Bank, including a separate report on the activities of any Special Funds of the Bank, established or accepted in accordance with Article 18 of the Agreement.

## Section 12: Financial year

The financial year of the Bank shall begin on 1 January and end on 31 December of each year, except if the entry into force of the Agreement is later than 1 January, when the financial year shall begin on the date of entry into force and shall end on 31 December of the same year.

## Section 13: Audits and budget

- a) 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 of Directors on the basis of a proposal by the President, and on the basis of this audit the Board of Directors shall submit to the Board of Governors for approval at its annual meeting a statement of accounts, including a general balance sheet and a statement of profit and loss. A separate financial statement shall be submitted for the operations of any Special Fund.
- b) The President shall prepare an annual administrative budget to be presented to the Board of Directors for approval. The budget, as approved, shall be presented to the Board of Governors at its next annual meeting. Notwithstanding the above provision, the President shall submit to the Board of Directors for approval, not later than 3 months after the inaugural meeting of the Board of Governors, the administrative budget of the Bank for its first financial year of operations.

## Section 14: Application for membership of the Bank

When submitting an application to the Board of Governors, with a recommendation that the applicant country be admitted to membership, the Board of Directors, inter alia after a report, in consultation with the applicant country, by the President, shall recommend to the Board of Governors the number of shares of capital stock to be subscribed and such other conditions as, in the opinion of the Board of Directors, the Board of Governors may wish to prescribe.

## Section 15: Suspension of a member

Before any member is suspended from membership of the Bank, the matter shall be considered by the Board of Directors, inter alia after a proposal by the President. The President shall inform the member sufficiently in advance of the complaint against it, and shall give the member reasonable time to explain its case orally and in writing. The Board of Directors shall recommend to the Board of Governors whatever action it considers appropriate. The member shall be notified of the recommendation and of the date on which the matter is to be considered by the Board of Governors, and it shall be given reasonable time in which to present its case orally and in writing before the Board of Governors. Any member may waive this right.

## Section 16: Amendments to the By-Laws

The Board of Governors may amend these By-Laws at any of its sessions or by taking a vote without a meeting, in accordance with the provisions of Section 10 of the Rules of Procedure of the Board of Governors.