

**RULES OF PROCEDURE
OF THE
BOARD OF DIRECTORS
OF THE
NORDIC DEVELOPMENT FUND**

Adopted by the Board of Directors on 17 June 2014



Rules of Procedure of the Board of Directors of the Nordic Development Fund

These Rules of Procedure are adopted on 17 June 2014 pursuant to Section 6 of the Statutes of NDF and shall supersede the Rules of Procedure (Bestyrelsens Forrettningsorden) dated 16 December 2003.

Section 1. Definitions

Agreement means the Agreement on the Nordic Development Fund between Denmark, Finland, Iceland, Norway and Sweden signed 9 November 1998, which entered into force on 18 September 1999.

Alternate means an alternate member of the Board.

Board means NDF's Board of Directors.

Chairman means the chairman of the Board and the meeting, appointed in accordance with Section 2.2.

Member means a member of the Board with the right to vote, including an Alternate if such Alternate is acting in place of an absent Member.

Managing Director means the managing director of NDF.

NDF means Nordic Development Fund.

NIB means Nordic Investment Bank.

State means any of the states party to the Agreement.

Secretary means an NDF staff member designated by the Managing Director to act as Secretary to the Board.

Statutes mean the statutes of NDF attached to the Agreement, as in effect at any given time.

Section 2. Composition and chairmanship

2.1 In accordance with Section 6 of the Statutes, the Board shall be composed of five Members; each State shall appoint one Member and one Alternate for a maximum term of five years.

2.2 The chairmanship and deputy chairmanship of the Board shall rotate among the Members following the States' alphabetical order. The term shall last for one year and begin each year on 1 May and end 30 April the following year.¹

¹ As reference, Sweden holds the chairmanship and Denmark the deputy chairmanship during the period 1 May 2014 – 30 April 2015.

Section 3. Meetings

3.1 The Board shall meet when the Chairman so decides or at the request of the Managing Director or at least two of the Members.

3.2 Meetings shall be held as frequently as the operations of NDF require. The Board shall aim to hold meetings on dates when all States can be represented. At each Board meeting, the date for the next meeting shall be confirmed.

3.3 Meetings shall normally be held in Finland, but one meeting per year may be held in another State. If required due to practical reasons, the Board may decide to hold a meeting by telephone or other similar technical means.

3.4 The Managing Director and the Secretary shall ensure that the notice, agenda and supporting documentation for a meeting is prepared and distributed to the Members and Alternates not less than 15 working days prior to the following meeting. Notice, agenda and other documentation shall be in English, unless practical reasons exist for having part of the supporting documentation in one of the Nordic languages. The documentation shall be distributed electronically, by reliable and secure means.

3.5. Each Member may require that additional items are added to the agenda, provided that such request is made in writing to the Chairman, the Managing Director and the Secretary no later than five working days prior to the meeting. If all Members agree, items can also be added to the agenda at the meeting.

3.6 In extraordinary circumstances, the Chairman may convene the Board with 2 days' notice. In such cases, supporting documentation for the meeting shall be sent out not less than 12 hours prior to the meeting.

Section 4. Participation in Meetings

4.1 The Managing Director and a representative from NIB participate in the meetings without the right to vote.

4.2 An Alternate may, with the Chairman's approval, participate in meetings without the right to vote if the Member from the same Member Country is present.

4.3 Members of NDF's staff may participate in meetings in accordance with the Managing Director's instructions and the Chairman's approval.

4.4 The Chairman may also invite other persons to participate in a meeting to the extent appropriate and relevant.

Section 5. Quorum and Decision-making

5.1 Four Members entitled to vote shall constitute a quorum of the Board.

5.2 Each Member shall have one vote. Alternates are allowed to vote only in the absence of the Member from the same State. Decisions of the Board require that no one present and entitled to vote explicitly opposes the decision.

5.3 The Board can delegate decision-making powers to the Chairman or the Managing Director.

Section 6. Powers of the Board

6.1 Pursuant to the Statutes, all powers of NDF are vested in the Board, which may delegate such powers to the Managing Director or NIB to the extent appropriate.

6.2 The Managing Director is responsible for the conduct of the ordinary operations of NDF and shall follow the guidelines and instructions given by the Board.

6.3 The following matters shall be presented to the Board for consideration:

- i) Strategies and business plans, including annual administrative budgets;
- ii) Annual accounts and annual reports;
- iii) Project- proposals;
- iv) Policy documents relating to the operations or administration of NDF;
- v) Periodical reporting and other matters relating to NDF key activities, as requested by the Board.

The above list is not exclusive.

6.4 The Board may establish committees to facilitate its work if deemed appropriate. Such committees shall report to the Board.

Section 7. Decisions by Written Procedure

7.1 Decisions may be taken by written procedure, if deemed appropriate. However, if the matter is of a principal nature, the matter shall have been presented and discussed at a physical meeting prior to decision by written procedure.

7.2. In cases where decisions are to be made by written procedure, the Managing Director and the Secretary shall ensure that relevant documentation and instructions for the decision-making procedure shall be distributed to all Members and Alternates normally no less than ten working days prior to the last day for responding.

7.3 Decisions by written procedure require that all Members respond to the proposed decision within the set timeline. An Alternate shall be entitled to respond in a Member's place, if the Member has confirmed that he or she will be absent during the response period or it is otherwise made clear that the Member is not able to respond.

7.4 Decisions by written procedures shall be deemed made on the date of the last response to the proposal from a Member. The decision shall be included in the minutes of the next Board meeting.

Section 8. Minutes

8.1 The Secretary shall prepare minutes from the meetings, reflecting the decisions of the Board. A Member may require that her or his opinion be included in the minutes. The minutes shall be prepared in the English language.

8.2 Draft minutes shall be circulated to Members and Alternates as soon as possible after the meeting. The final draft shall be presented to the Board for approval at the following meeting and shall be signed upon approval by the Chairman, the Managing Director and the Secretary of the meeting to which the minutes pertain.

8.3 The Secretary shall be responsible for the custody of the minutes and other documents relating to Board procedures.

Section 9. Remunerations

9.1 Members shall be entitled to reimbursement by NDF of travel expenses incurred in connection with participation in meetings in accordance with the Travel Policy of NIB as applicable to NDF.

9.2 NDF shall reimburse travel costs incurred in connection with participation in one Board meeting annually for Alternates not entitled to vote.

9.3 Members and Alternates shall be entitled to annual remuneration and compensation for participation in meetings as decided by the Nordic Council of Ministers upon proposal from the Board.

Section 10. Amendment of rules

10.1 These rules may be amended by decision of the Board.