

# THE BRAZILIAN COTTON INSTITUTE - IBA

## INTERNAL REGULATION

### CHAPTER I

#### The Institute and Regulatory NORMS

**Article 1.** This Internal Regulation aims to regulate the By-laws, by means of detailed provisions, in order to enable execution of the objectives and purposes of IBA as set forth in article 4 of the bylaws.

**Article 2.** IBA shall be ruled by its By-laws, by this Internal Regulation, by the approved Norms for Preparation, Analysis and Approval of Projects and Programs (hereinafter known jointly as “NORMS”) and by the Brazilian legislation in force applicable to it, and which binds its Associates, members of the Management Board, Audit Committee, and Executive Board, on pain of their acts being deemed null and void.

**Article 3.** This internal regulation has been approved by the General Assembly, in compliance with what is set forth in Article 20, item III of the By-laws, after opinion of the Management Board.

**Article 4.** In the event of conflict between rules in this Internal Regulation and the By-laws of IBA, the rules contained in the By-laws shall prevail mandatorily.

**Sole paragraph.** Should there be a conflict between the rules in this Internal Regulation and the norms approved by the Management Board, the rules disciplined in this Internal Regulation shall prevail.

### CHAPTER II

#### Assets and Financial Resources

**Article 5.** IBA assets are autonomous, free and disentailed from any public or private body or entity, and shall be exclusively allocated to funding projects and/or programs (hereinafter called PROJECTS) pertaining to its social objectives and that may be approved under the rules set forth in the By-laws of IBA, in this Internal Regulation, and in the approved NORMS, and to the funding of the necessary and reasonable

related administrative expenses, including investments in infrastructure for IBA's operation.

**Paragraph One.** When expenditures on PROJECTS result in the purchase of chattels or real estate on behalf of the Beneficiary Entity (hereinafter known as the BENEFICIARY), the Management Board—when approving the PROJECT, or during the period when the PROJECT is in force—must formally waive assets in favor of the BENEFICIARY.

**Paragraph Two.** When assets are waived in favor of the BENEFICIARY, the Beneficiary must be made aware that the waiver is granted conditionally, provided that the following prerequisites are met:

- I. the goods affected by the waiver must be linked to the execution of the PROJECT and to the purposes indicated for the *projects*;
- II. while and after this PROJECT is in force, the goods purchased using IBA funds may only be granted or donated by the BENEFICIARY to public or private non-profit entities linked directly to the Brazilian cotton-growing industry.

**Paragraph Three.** IBA assets may also be invested in infrastructure to enable it to work, and in a range of financial investments, in line with the Policy for the Investment of Financial Resources approved by the Management Board, and provided that these are carried out through the purchase of the following financial instruments:

- I. Public securities of the Treasury System;
- II. CDBs, Financial Letters, Agribusiness Credit Letters (*Letra de Crédito do Agronegócio*—LCA) issued by acknowledged first-line public or private banking institutions with an issuer limit of 25% (twenty per cent) of IBA's equity;
- III. RDBs (Bank Deposit Receipts)/DPGEs (Special-Guarantee Long-term Deposits) from first-line public or private banking institutions, limited to R\$ 20,000,000.00 (twenty million Reals) per financial institution and investment vehicle used;
- IV. Debentures from acknowledged first-line public or private banking institutions with an issuer limit of 15% (fifteen per cent) of IBA's equity; and
- V. Investment funds managed by first-line managers, including Exclusive Funds and other financial instruments that are obligated to comply with the Policy for the Investment of Financial Resources.

Paragraph Four. Those institutions receiving domestic “AA” or superior ratings from Standard & Poor’s Rating Services, or Moody’s Corporation or Fitch Ratings Brasil Ltda, will be deemed first-line public or private banking institutions.

**Paragraph Five.** Companies indicated in item IV of paragraph 1 of this article shall be deemed first-line when receiving a domestic rating equal or superior to “A” from at least one of the major agencies, Standard & Poor’s Rating Services, Moody’s Corporation or Fitch Ratings Brasil Ltda.

**Paragraph Six.** Investment Fund management institutions indicated in Item V of paragraph 3 of this article shall be deemed to be first-line if they possess a robust structure for governance, and the control and prevention of conflicts of interest, meeting the following prerequisites:

- I they must be registered with CVM (Brazil's equivalent to the SEC) and have signed up to the Self-Regulation Code of Brazil's Association of Financial and Capitals Market Entities (*Associação das Entidades dos Mercados Financeiros e de Capitais—ANBIMA*);
- II they must be audited by one of the Big Four international auditing firms (PriceWaterhouseCoopers, EY, KPMG or Deloitte);
- III they must hire one of the Big Four international auditing firms to audit the funds in which IBA will invest;
- IV custodianship of the funds that they manage must fall to a first-line financial institution, as defined in Paragraph 4 above, and which must not be part of the same economic group as the management institution;
- V they must register or exercise custody of the funds to be invested by IBA with a stock market or futures market, or with a Clearing House for Custody and Settlement;
- VI They must possess a working physical structure separating the management of their own resources and third-party resources (*Chinese Wall*); and
- VII they must undertake to show IBA on a monthly basis that IBA's investments and the management institution meet the demands of this Internal Regulation and of IBA's Investment Policy.

**Paragraph Seven.** Investment in funds: as indicated in item V of paragraph 1 of this article, investment is prohibited in Share Investment Funds (*Fundos de Investimentos em Ações—FIA*), Share Index Investment Funds (*Fundos de Investimentos em Índices de Ações—ETF*) or Private Equity Funds (*Fundos de Investimentos em Participações—FIP*).

**Paragraph Eight.** The use of IBA assets to finance PROJECTS, or to carry out investment in working infrastructure, must be set forth in its annual budget, approved by the Management Board.

**Article 6.** IBA's assets shall consist of:

- I. financial transfers foreseen in the “Memorandum of Understanding between the Government of the United States of America and the Federative Republic of Brazil with regard to the Cotton Dispute (WT/DS267) in the World Trade Organization, as published in *Diário Oficial da União* on 17 May 2010 (hereinafter referred to as “MoU”);
- II. incomes and proceeds of assets, rights and services pertaining to IBA's objectives;
- III. yields from financial applications or from any other forms of investments; and
- IV. payments of rights and indemnities.

**Article 7.** Profits and dividends shall not be distributed among IBA Associates, nor shall members of the General Assembly, Audit Committee and Management Board be remunerated.

**Article 8.** Whenever IBA assets are used to purchase real estate, to return to the ownership of IBA, there must be prior authorization by the General Assembly, respecting the minimum quorum for approval laid down in the sole paragraph of article 24 of the By-laws.

**Article 9.** In the event of the dissolution of IBA, its assets will be disposed of by decision of the General Assembly, having consulted the Management Board, which will put forth its prior opinion and approval, as per Article 54 of the By-laws.

**Article 10.** IBA assets may not be used for participation in or contribution to initiatives or activities not directly related to the social objectives of IBA, including political, religious or cultural activities.

## **CHAPTER III**

### **The Associates**

#### Section I

#### Admission of Associates

**Article 11.** New Associates may be admitted after filling out a request to join, containing the following information:

- I. Complete Name of Associate;

- II. Physical and e-mail address, telephone and fax numbers;
- III. Federation State that the Associate represents, and total area dedicated to cotton production;
- IV. The signature of its President and other representatives, if need be;
- V. The name(s) and complete qualification(s) of the person or persons who will represent it at the General Assembly.

**Sole paragraph.** Notarized copies of the following documents must be produced upon the act of registration:

- I. By-laws duly registered at the competent civil registry and enrollment card for CNPJ/MF (Ministry of Finance National Registry of Corporate Taxpayers);
- II. Proof of regular situation as an associate of ABRAPA, issued by ABRAPA;
- III. Identity Cards of its directors and of the associate(s) who will represent it at the General Assembly;
- IV. Minutes of the General Assembly that authorized its request to join the Institute;
- V. Proof that its representatives appointed to represent it in the General Assembly are cotton producers.

**Article 12.** It is incumbent on the Executive Board to receive the membership request documentation presented by the interested entity. It is also incumbent on the Executive Board to analyze the documentation presented by the interested entity and forward it for appreciation by the General Assembly.

**Sole paragraph.** The Executive Board shall analyze the request to join IBA , as set forth in Art. 44, IX of the bylaws, within 30 days counting from the protocol marking the entry of the registration case file with the documents indicated above at the headquarters of IBA.

**Article 13.** After all the documentation underpinning the request to join has been analyzed, and the future Associate's qualification to become a State Cotton Producers Association associated within ABRAPA, the Executive Board shall include the new entity's request to join the list of members of IBA in the Agenda of the next General Assembly to allow deliberation as to granting or refusing the request to join that has been presented.

**Paragraph One.** Deliberation on whether to grant or otherwise the request to join IBA shall be by majority of votes of the representatives at the General Assembly, present in the assembly.

**Paragraph Two.** The decision to reject the request to join must be well founded.

**Paragraph Three.** Appeal may be made in writing to the General Assembly against the decision to accept or reject the candidate Associate's request to join IBA, within 10 (tens) days of the communication of the decision. The appeal may be lodged at the headquarters of IBA, duly signed, but delivery via fax, e-mail or by any other form than personally is forbidden.

**Paragraph Four.** The appeal indicated in the preceding paragraph may legitimately be lodged, in the event of rejection, by the entity that presented the request to join, and in the case of acceptance of request, by any of the associates of IBA.

**Paragraph Five.** For the purpose of counting the deadline for lodging an appeal, the count must always be begun on a working day, not counting the day when the decision was made public, but counting the expiry day, and the deadline must be counted continuously, taking into consideration both working and non-working days. If the deadline expires on a weekend, public holiday or nonworking day, it shall be extended to the immediately following working day.

**Paragraph Six.** After the appeal has been lodged, it shall be incumbent upon the Executive Board to receive it and forward it to the General Assembly for acknowledgment and deliberation.

**Paragraph Seven.** The appeal must be included in the Agenda of the next General Assembly scheduled, be it Ordinary or Extraordinary.

**Paragraph Eight.** Deliberation on the lodged appeal must be undertaken by a majority of votes of those present at the General Assembly, and shall be definitive, no further appeal being allowed.

## Section II

### The Associates

**Article 14.** The denunciations addressed by article 13, item "V" of the By-laws may be brought by any Associate, in writing or recorded in the minutes of the General Assembly.

**Paragraph One.** The denunciations shall address actions or deeds carried out by Associates, their representatives, members of the Audit Committee, Management Board and Executive Board who disrespect the By-laws, or this Internal Regulation, or the NORMS, or that are contrary to the social objectives of IBA or that disobey a deliberation by the General Assembly.

**Paragraph Two.** After the denunciation has been brought, the General Assembly shall have a deadline of up to 30 (thirty) days to put forth its views on the terms of the representation.

**Paragraph Three.** The General Assembly shall deliberate on the denunciation, deciding on its merits, and applying the penalties indicated in article 16 of the By-laws, if it understands that there are grounds for the terms of the denunciation.

**Paragraph Four.** Specifically in relation to denunciations brought against members of the Audit Committee, Management Board and Executive Board, the General Assembly may adopt other penalties, such as a warning, suspension or dismissal, depending on the regime in which the person accused classifies.

**Paragraph Five.** There shall be no appeal against a General Assembly decision applying penalties against the denounced parties.

**Article 15.** If Representatives of the Associates disrespect the rules laid down in the By-laws or in this Regulation, or are not fully qualified to perform their duties, the Associate may replace them, after communicating this to the Executive Board in writing at least 02 (two) days before a General Assembly.

**Article 16.** Associates are not subject to the payment of an association fee or annuity, nor will they be subsidiarily responsible for obligations contracted by IBA.

**Article 17.** Requests to withdraw from IBA made by any Associates will be decided at the first session of the General Assembly occurring after the Associate presents its notification, pursuant to article 15 of the By-laws.

**Sole paragraph.** If the Associate is represented on the General Assembly, its request for withdrawal will be suspended until the process has been completed.

**Article 18.** If a denunciation made to the General Assembly is accepted, Associates may be warned, suspended or eliminated from the list of members.

**Paragraph One.** If the penalty applied to the Associate is to be eliminated from the list of members of IBA, then the Associate may only be restored to IBA's list after 24 months from the decision punishing it with elimination.

**Paragraph Two.** Any Associate eliminated from the list of members of IBA will lose all rights, including the right to put forward PROJECTS, as well as the right to have those PROJECTS that have been put forward before the punishment appreciated by the Management Board.

**Article 19.** Associates' rights and duties shall be extinguished in case of their voluntary withdrawal or after exclusion determined by the General Assembly.

## **CHAPTER IV**

### **The General Assembly**

**Article 20.** The General Assembly shall be chaired by the Executive President, who shall call on one of the Associates' representatives to be secretary and helped draft the minutes as well as other duties, to be performed as follows:

- I. The Executive President shall read the Call Notice and, after making clarifications deemed relevant, shall put forward matters on the Agenda for discussion;
- II. The Associates' representatives who so wish may freely give their opinions on the matters;
- III. "Points of Order" maybe raised at any moment by representatives of the Associates present;

**Paragraph One.** Because the Assembly is convened to deliberate on the matter set forth in item II of article 20 of the By-laws, or to deliberate on administrative acts of the Executive Board, the Executive President shall pass the chairmanship of the work to a President and to a Secretary elected among representatives of the Associates present, specially for this purpose.

**Paragraph Two.** The Executive President shall not have the right to vote in the General Assembly since he is not a member of this decision-making body.



**Paragraph Three.** If the Executive President is not present at the General Assembly, it will be chaired by one of the representatives of the Associates chosen among those present.

**Article 21.** All deliberations of the General Assembly shall be recorded in the Minutes, which will be signed by the members of the presiding committee and by the representatives present.

**Sole paragraph.** Even if the assembly is not held, the minutes should be drafted and signed by those present.

**Article 22.** The General Assembly shall deliberate on the application of penalties to Associates, their representatives, members of the Management Board, Audit Committee and Executive Board, and as an appeal mechanism, on the decisions taken regarding requests to join by new associates.

**Article 23.** Whenever the representative of an Associate is a legal entity, it will be represented at the General Assembly by one of its legal representatives, named in its constitutive instruments.

## **CHAPTER V**

### **The Management Board**

#### Section I

#### Election of members of the Management Board

**Article 24.** Elections to the position of representatives of the General Assembly in the Management Board shall be held every two years by means of an Extraordinary General Assembly convened specifically for this purpose, to be held up to 15 (thirty) days before the end of the ongoing mandate.

**Paragraph One.** The General Assembly provided for in this article must be convened with a minimum notice of 15 (fifteen) days; the call must be published on the IBA website, and all representatives of the Associates must receive an invitation in writing; both the website call and the written communication must carry the date, time and venue where the assembly is to be held.

**Paragraph Two.** The election to posts on the Management Board of representatives of the General Assembly shall be by acclamation, approved by a simple majority, among those representatives of Associates on the General Assembly who are interested in taking part in the electoral process.

**Paragraph Three.** Regular members and alternates elected by the General Assembly shall take office on the first working day of the month following the end of the mandate.

**Article 25.** In the specific case of members of the General Assembly on the Management Board, if there should arise a vacancy for a regular member and alternate, the General Assembly shall elect a new member for this place who will hold the position for the remaining time of the mandate of the member (s)he replaced.

**Sole paragraph.** To regulate items V and VI, Article 20 of the By-laws, the General Assembly may replace representatives, both regular and alternates, of Associates on the Management Board of IBA as a penalty for failing to comply with the decision of the General Assembly.

## Section II

### Meetings of the Management Board

**Article 26.** The Management Board shall meet when convened by a call made with at least 04 (four) working days' notice by the Executive President, by any of its members, or through a written document signed by at least 1/5 (one fifth) of the Associates.

**Article 27.** The Management Board's meetings shall be chaired by one of its members selected among the regular members present thereat, and the Executive President shall be the secretary.

**Paragraph One.** The Management Board's meetings may only be held with all members present, and decisions shall be taken by the qualified majority of two thirds (2/3) of votes, with blank votes and abstentions being barred.

**Paragraph Two.** Each regular member of the Management Board, or his/her alternate, shall have the right to one vote in the Management Board meetings in which they take part.

**Paragraph Three.** All the Management Board's meetings shall be recorded in minutes, which shall be approved at the following meeting, before discussions of the matters on the Agenda. The minutes shall be made available on IBA's website. The minutes shall be drafted and signed by those present.

**Paragraph Four.** The result of each vote must be recorded in the minutes, and in the event of a non-unanimous decision, the name of the Management Board member who voted against the final result obtained must be set down.

**Paragraph Five.** Exceptionally, when a face-to-face meeting is impossible to hold in a timely manner, the Management Board may be convened by whomsoever is competent for such, in order to meet by *conference call* or e-mail, provided that the minimum quorums set forth in paragraph one of this article for convening the meeting and debating the issues are respected.

**Paragraph Six.** Deliberations through the virtual meetings described in the previous paragraph must be recorded in the next face-to-face meeting of the Management Board.

**Article 28.** The Management Board may create an Internal Regulation specifically for the Management Board in order to regulate additional proceedings, provided they do not conflict with this present Regulation. The document may only be approved or modified by unanimous decision of the members.

### Section III

#### Approval of the Administrative Management Plan and of the Annual Budget

**Article 29.** It shall be incumbent upon the Management Board to approve the Administrative Management Plan and the Annual Budget to be adopted by IBA for the year following that of its approval, in compliance with its exclusive competency indicated in item XV of article 31 of the By-laws.

**Paragraph One.** The Administrative Management Plan and the Annual Budget must be approved by the Management Board by 20 December every year.

**Paragraph Two.** The Administrative Management Plan and the Annual Budget shall mandatorily define IBA's administrative expenses for the year following that of its approval, and must be reviewed semi-annually.

**Paragraph Three.** The proposal for the Administrative Management Plan and Annual Budget must be drafted by the Executive Board, based on demands put forward by the General Assembly, and must be forwarded to members of the Management Board by October 20 for discussion

**Paragraph Four.** Prior to the drafting of the Administrative Management Plan and the Annual Budget, as set forth in the preceding paragraph, the General Assembly will present its suggestions for the budget concerning areas of interest for investment in projects for the following year, by September 30.

**Article 30.** The Administrative Management Plan and the Annual Budget, once approved, shall immediately be forwarded to the Executive Board for implementation.

#### Section IV

#### PROJECTS

**Article 31.** Those interested in putting forward PROJECTS to IBA must comply with the requirements of the By-laws and of this Internal Regulation, and fully meet the demands contained in the NORMS.

#### Section V

#### Analysis and Approval of PROJECTS

**Article 32.** PROJECTS put before IBA must comply with the rules set forth in the NORMS and, except in the case of International Cooperation Projects, all other PROJECTS must be brought to the awareness of Associates so that they may put forth their opinions to the Management Board concerning approval or otherwise of PROJECTS, pursuant to Article 13, IV of the By-Laws.

**Sole paragraph.** Associates' opinions must be forwarded by the Executive Board to the Management Board before proceedings prior to the judgment of PROJECTS begin.

**Article 33.** During the Management Board meeting to judge the PROJECTS, its members, in order to support their votes, may request information from the Technical Directorate and/or the Administrative and Financial Directorate, who shall remain at the disposal of members during the meeting.

**Paragraph One.** Members of the Management Board may ask to see the PROJECTS or technical opinions, by a request made during the PROJECT judging meetings.

**Paragraph Two.** The Management Board shall grant those members who, in the first judging meeting, demanded such right, a common deadline of 10 (ten) days to examine the PROJECTS and technical opinions.

**Paragraph Three.** Those members who asked to examine the specifications of the PROJECT and the technical opinions, shall receive copies of the same for analysis.

**Paragraph Four.** At the end of the examination period, the PROJECT shall be automatically included on the agenda of the next Management Board meeting.

**Article 34.** The decision of the Management Board concerning judgment of the PROJECTS put forward by the PROPOSERS shall be set down in the minutes and shall indicate:

- I. whether the PROJECT was accepted or otherwise, and for what reasons;
- II. if the Project is approved, the following information must be provided: the amount to be released for each PROJECT; the period of execution; the name of the entity responsible for its execution (the EXECUTOR); issues regarding waiver of assets and possible counterperformances to be demanded of the BIDDERS.

**Paragraph One.** The minutes of the Management Board meeting will be published on the IBA website.

**Paragraph Two.** The decision of the Management Board judging the PROJECTS must be sent to the Executive Board for execution.

**Article 35.** After the Management Board has approved the PROJECTS, the executive summary of each approved PROJECT must be published on IBA's website, in order to ensure transparency.

Section V  
Contract Amendments

**Article 36.** BENEFICIARIES may ask the Executive Board if they can change ongoing PROJECTS, in compliance with procedures described in th NORMS.

**Paragraph One.** Requests for modifications put forward by the BENEFICIARIES will be considered by the Executive Board and sent for acknowledgment and approval by the Management Board.

**Paragraph Two.** As a result of the express authorizations contained in the Minutes of the Management Board Meetings of June 28, 2012, December 17, 2012 and August 28, 2013 the Executive President may grant or deny a request to change a PROJECT, provided that the change does not:

- I. increase the amount invested in the PROJECT;
- II. change the deadline for execution of the PROJECT by more than 90 days;
- III. change the objective of the PROJECT;
- IV. change the final outcome desired by the PROJECT; or
- V. change the BENEFICIARY or EXECUTOR of the PROJECT.

**Paragraph Three.** In the event of Item II of the preceding paragraph, the Executive President may neither grant nor deny a request to change a PROJECT if the BENEFICIARY has already put in a request to this effect.

## CHAPTER VI

### The Audit Committee

**Article 36.** Elections to the positions on the Audit Committee shall be held every two years, along with the election of the members of the Management Board, by means of an Extraordinary General Assembly convened specifically for this purpose, to be held up to 30 (thirty) days before the end of the ongoing mandate.

**Sole paragraph.** The General Assembly provided for in this article must be convened with a minimum notice of 15 (fifteen) days; the call must be published on the IBA website, and all representatives of the Associates must receive an invitation in writing; both the website call and the written communication must carry the date, time and venue where the assembly is to be held.

**Article 37.** The election to posts on the Audit Committee of representatives of the General Assembly shall be by acclamation, approved by a simple majority, among those representatives of Associates on the General Assembly who are interested in taking part in the electoral process.

**Article 38.** Regular members and alternates of the Audit Committee elected by the General Assembly shall take office on the first working day of the month subsequent to the month when the mandate ends.

**Paragraph One.** The regular members and alternates of the Audit Committee shall not receive compensation or subsidies, on any account, except for, in the case of Members elected by the General Assembly, who shall have the right to reimbursement of expenses possibly incurred by virtue of attending meetings.

**Paragraph Two.** Any regular member or alternate appointed by CAMEX shall not necessarily hold office for a pre-established period, and may be freely replaced at the discretion of CAMEX.

**Article 39.** The Audit Committee will ordinarily meet up to 30 (thirty) days before the General Assembly at which the Annual Report and the Annual Rendering of Accounts of the Executive Board will be discussed, and extraordinarily whenever its members so decide.

**Article 40.** The Management Board's meetings shall be chaired by one of its members selected among the regular members present.

**Paragraph One.** Meetings of the Audit Committee may only be held when all members are present, and its decisions will be taken by simple majority.

**Paragraph Two.** Each regular member of the Audit Committee, or his/her alternate, shall have the right to one vote in the Audit Committee meetings in which they take part.

**Paragraph Three.** All Audit Committee meetings must be recorded in Minutes.

## **CHAPTER VII**

### **The Executive Board**

**Article 41.** It is incumbent on the Executive Board to manage the internal routine of IBA, rendering account of its administration to the Management Board and to the General Assembly.

**Article 42.** The Executive Board shall receive external legal assessment which will act:

- I. to draft and analyze contracts, including contracts concerning the hiring of PROJECTS;
- II. in legal and judicial issues involving the operations of IBA;
- III. in the judicial defense of the interests of IBA; and
- IV. to appreciate proposals of changes to the By-laws, the NORMS, and this Internal Regulation.

**Sole paragraph.** When called upon, the legal consultancy may take part in General Assemblies, Management Board meetings, and/or meetings of the Executive Board.

**Article 43.** The Executive Board is responsible for the execution of all administrative and/or technical processes and procedures set forth in the By-Laws, in this Internal Regulation and in the NORMS, including the competencies set forth in Article 44 of IBA's By-Laws.

**Article 44.** The Human Resources Policy will be drafted by the Executive President and the Management Board.

**Paragraph One.** The hiring and dismissal of members of the Executive Board must receive prior approval from the Management Board.

**Paragraph Two.** The hiring and dismissal of other employees shall be the responsibility of the Executive President, complying with the number of jobs and salary levels pre-approved in the Plan.

**Paragraph Three.** Professionals on the staff of IBA shall be hired within the legal framework of the Consolidation of Labor Laws.

**Article 45.** The Executive President shall provide the Management Board with quarterly reports containing, as a minimum:

- I. a financial report for the period;
- II. a report on the Institute's activities and a progress report on the projects;
- III. a list of all projects, containing: the total value of the project; disbursements already made; predicted disbursements for the current year; current phase of each project;



- IV. list of employees of IBA at the end of the quarter and contact data;
- V. list of ad hoc consultants and contact data;
- VI. list of outsourced administration/consultancy/audit contracts, containing the purpose, value and contact data;
- VII. list of journeys carried out by executive board containing the period, destinations, goals and results of each journey;

**Sole paragraph.** The quarterly frequency mentioned does not prevent members of the Management Board from demanding any information at any moment.

**Article 46.** The Executive President may rely on technical consultancy to perform his duties.

**Article 47.** It shall be incumbent on the Administrative and Financial Directorate, without derogating from its own competencies, established in article 48, sole paragraph of the By-laws, to:

- I. to prepare the Executive Board's Annual Report and Rendering of Accounts regarding administrative and financial issues;
- II. to analyze the partial and final rendering of accounts for PROJECTS regarding the administrative and financial prerequisites, and issue Technical Notes in conjunction with the Technical Directorate;
- III. assume responsibility for the financial and economic control of IBA's assets
- IV. to faithfully perform all the activities laid down in the NORMS.

**Article 48.** It shall be incumbent on the Technical Directorate, without derogating from its own competencies, established in article 49 of the By-laws, to:

- I. monitor PROJECTS while being executed;
- II. suggest ad hoc consultants to issue technical opinions on the PROJECTS proposed to IBA;
- III. analyze the acceptability and feasibility of the PROJECTS presented;
- IV. to analyze the partial and final rendering of accounts for PROJECTS regarding technical prerequisites, and issue Technical Notes in conjunction with the Administrative and Financial Directorate;
- V. faithfully to perform all the activities and competencies set forth in the NORMS.

**Article 49.** The Internal Audit is directly linked to the Executive President and will be responsible for overseeing execution of the PROJECTS, of the internal activities of IBA, and of the accounts for the PROJECTS.

**Paragraph One.** Oversight of IBA by the Internal Audit means assuring compliance with statutory objectives, assuring maintenance of high standards of management, and guaranteeing the suitability, integrity and quality of internal and external controls, processes and systems.

**Paragraph Two.** It shall be incumbent on the Internal Audit to perform the following activities:

- I. to aid, guide, follow and evaluate actions of administrative, budget, financial, asset, operational and personnel management, in order to verify economic rationality, efficiency, efficacy and effectiveness;
- II. to carry out preventive, corrective, and guiding inspections in order to verify compliance and conformity in the execution of policies, guidelines, NORMS and procedures;
- III. to draft the Annual Internal Audit Plan;
- IV. to gather management information;
- V. to evaluate auditors and the audit activities;
- VI. to draft, for the Management Board, the Report on Monitoring of Auditing Works;
- VII. to plan and assess the Audit Process, following the performance indicators;
- VIII. to systematize the treatment, publication and follow-up of occurrences detected during the audit works;
- IX. to carry out investigations and fact-finding for processes that imply attributing administrative responsibility, frauds, thefts, counterfeiting, embezzlement, and other investigations requested by the Management Board;
- X. to gather facts for administrative inquiries and monitor the deliberations resulting from them;
- XI. to coordinate demands for information from External Agencies.

## **CHAPTER VIII**

### **General Provisions**

**Article 50.** The following people may not be elected or appointed to the Management Board, Audit Committee, or hired onto the staff of IBA:

- I. those on the "Excluded Parties List" of the General Services Administration (GSA) of the Government of the United States of America, or those who are forbidden to contract with that Government;
- II. those who are on the "Specially Designated Nationals and Blocked Persons" list of the Treasury Department of the Government of the United States of America.

**Article 51.** This Internal Regulation, after it comes into force, may be revised at any moment, with the approval of the General Assembly.

**Article 52.** Any omissions in the present regulation shall be decided by the General Assembly, after the Management Board has been heard.