

EIB Group Compliance Activity Report 2023



European
Investment Bank | Group

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Statement by the EIB Group Chief Compliance Officer and EIF Chief Compliance Officer

The EIB Group Compliance Activity Report outlines the developments of the past year at the Group Compliance Function, highlighting the key achievements and trends in 2023 as well as looking at future priorities. In 2023, the EIB Group continued to enhance its compliance control framework with the **Group Staff Code of Conduct** and implemented new guiding documentation including in the fields of **conflicts of interest, tax and non-compliant jurisdictions, market abuse, sanctions exposure and further control oversight** by the Compliance Functions.

The EIB and EIF Compliance Functions have continued to promote Group alignment, synergies and oversight including methodologies and tools in the realm of counterparty management, conduct and market risk. In this respect, in line with the principles and standards of relevant legislation, as well as best banking and market practices, the EIB Group follows the highest standards in business and market conduct, data protection, governance and ethics.

The EIB Group continues to reinforce its the three lines of defence model in its internal management of compliance risks and controls. As the second line of defence, the Group Compliance Function, among other tasks, sets standards, provides guidance and performs risk-based monitoring of the first line controls. This includes monitoring of the AML-CFT regulatory environment and related market practices as well as implementing relevant aspects in the EIB Group AML-CFT framework. In supporting the first line of defence, the Compliance Function strongly contributes to the Group's digital agenda and data management approach with its counterparty lifecycle management system and regulatory compliance tool.

This report should be read in conjunction with the [EIB Group Risk Management Disclosure Report](#).

As one of our core tasks, we continue to actively promote awareness on compliance topics and a sound compliance culture in the Group across compliance topics. As part of these efforts, the EIB and EIF Compliance Functions provide training through interactive e-Learning tools, surveys, campaigns and workshops as well as ethics days for staff.

The year 2023 has seen the Group Compliance Functions implement new Group policies and further enhance compliance controls benefiting from digitalisation in key areas of our operations. We are privileged to observe how, through their valuable input in the Group's control framework, our driven and motivated staff continues to actively support the EIB Group in its strategic initiatives during this 65th anniversary year of the EIB and stand ready to deliver on the priorities outlined for the future.

Roberto Garcia Piriz

Group Chief Compliance Officer

Elizabeth Murphy-Dunne

EIF Chief Compliance Officer

Executive summary

The **EIB Group Compliance Functions**, which include the EIB and EIF Compliance Functions, continue to regularly adapt their policies, practices and systems in line with the EIB and EIF risk appetite frameworks, market trends, the regulatory landscape and best practice. Compliance is involved in operations throughout their lifecycle and acts as a second line of defence on integrity and good governance issues. The EIB Group Compliance Functions have increased their cooperation to promote Group alignment and synergies, wherever proportionate to do so. Within the context of the efficiency project aiming to reduce time to market and align with the digital ambition and digital transformation processes, the EIB Compliance Function has further clarified its risk-based approach applicable to the existing AML/CFT and tax integrity due diligence processes.

The **EIB Compliance Function** is an independent control function, led by the Group Chief Compliance Officer (GCCO). The Office of the Group Chief Compliance Officer (GR&C-OCCO) is part of the Group Risk and Compliance Function of the EIB. The Group Chief Compliance Officer operates under the Group Chief Risk Officer (GCRO), having direct access to the President, the Management Committee, the Audit Committee, and the Ethics and Compliance Committee as well as access to the Board Working Group on Tax and Compliance Matters.

The **EIF Compliance Function** at the EIF individual entity level is headed by the EIF Chief Compliance Officer, under the EIF Chief Risk Officer, and has direct access to the EIF Chief Executive/Deputy Chief Executive and to the statutory bodies of the EIF.

While the **EIB Group** does not fall within the direct scope of application of EU legislation on credit institutions, the EIB Group and its Compliance Functions aim to comply with relevant EU banking legislative acts and guidelines, to the extent determined applicable by the EIB Group's governing bodies in line with its statutory duty to conform to best banking/market practice.

The **EIB Group Compliance Activity Report** provides information about the work of the respective EIB Group Compliance Functions, including the main developments during 2023 and priorities for 2024.

Overview of the report

The following section will outline the purpose of the EIB Group Compliance Activity Report, the best banking practice/best market practice frameworks under which the EIB Group operates, and the EIB Group Compliance Functions' core activities.

Chapter 2 provides an overview of the structure of EIB Group compliance and governance. It includes the main features of the EIB Group Compliance Functions' operational guidelines and processes, and outlines measures taken to reinforce the EIB Group alignment.

Chapter 3 provides details of the EIB Group's Compliance Risk Assessment and the EIB's and EIF's Compliance Monitoring Programmes.

Chapter 4 outlines the governance of risks within the Group Risk and Compliance Function's remit. It describes the EIB Group Compliance Functions' input in operations, including its contribution to anti-money laundering and combating the financing of terrorism (AML/CFT), tax good governance, economic and financial sanctions (hereinafter sanctions), and market integrity topics (such as market abuse, institutional conflicts of interest and requirements related to the Markets in Financial Instruments Directive (MiFID)).

Chapter 5 provides an overview of the EIB Group's activities in promoting a strong compliance and ethics culture, including the prevention and mitigation of personal conflicts of interest, the application of the EIB Group Staff Code of Conduct, declarations and clearances as well as integrity matters related to statutory bodies.

Chapter 6 provides an overview on the protection of personal data within the EIB Group.

Chapter 7 outlines the EIB Group's cooperation with other multilateral development banks and international stakeholders.

The report concludes with a forward-looking overview of the EIB Group's priorities for 2024.

1 Introduction

1.1 Purpose of the report

This report provides key information to all stakeholders on the approaches and actions taken by the EIB Group to manage risks in the remit of its EIB Group Compliance Functions. It describes the main developments in the EIB and EIF Compliance Functions, their activities and structural changes in 2023 as well as priorities for 2024.

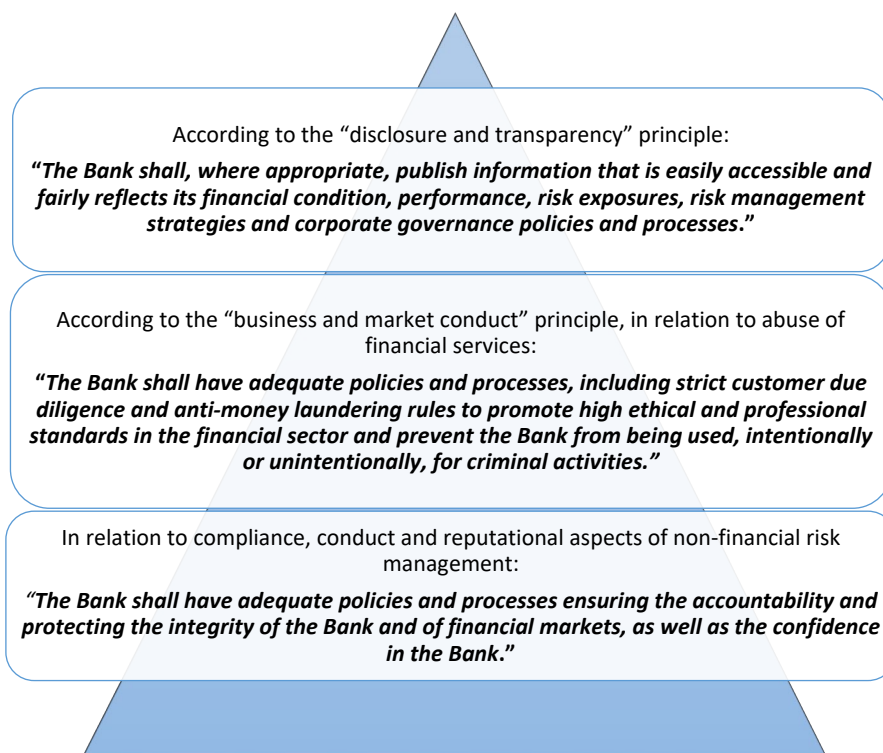
The report should be read in conjunction with the 2023 Group Risk Management Disclosure Report, which provides further information on the approach the EIB Group takes in managing the main non-financial risks to which it is exposed, including compliance risk, and the related capital and liquidity implications.

1.2 Best banking/market practice framework

The Bank is committed through Article 12 of its Statute to conform to best banking practice (BBP) which includes adherence to relevant banking legislation and guidelines, in line with the principles determined by the competent EIB governing bodies. In order to clarify and reinforce the EIB's best banking practice framework, the EIB Board of Governors approved the Bank's [Best Banking Practice Guiding Principles](#).¹

Pursuant to Article 2.3 of the EIF Statutes, the activities of the EIF "shall be based on sound banking principles and other sound commercial principles and practices as applicable" and pursuant to Article 22.4, the Audit Board shall verify adherence to these principles and practices. In this context, the EIF Compliance Function remains committed to the EIF best market practice framework, as approved by the EIF Board of Directors, which sets out high-level regulatory principles and determines that the EIF must comply with (i) the EIB Best Banking Practice Guiding Principles regarding consolidation requirements, and (ii) additional rules relevant and applicable to the EIF as a standalone entity, together with best market practice for the EIF.

Below are the key elements of the Best Banking Practice Guiding Principles for the EIB Compliance Function:



¹ In line with the EIB Statute, Article 12.1

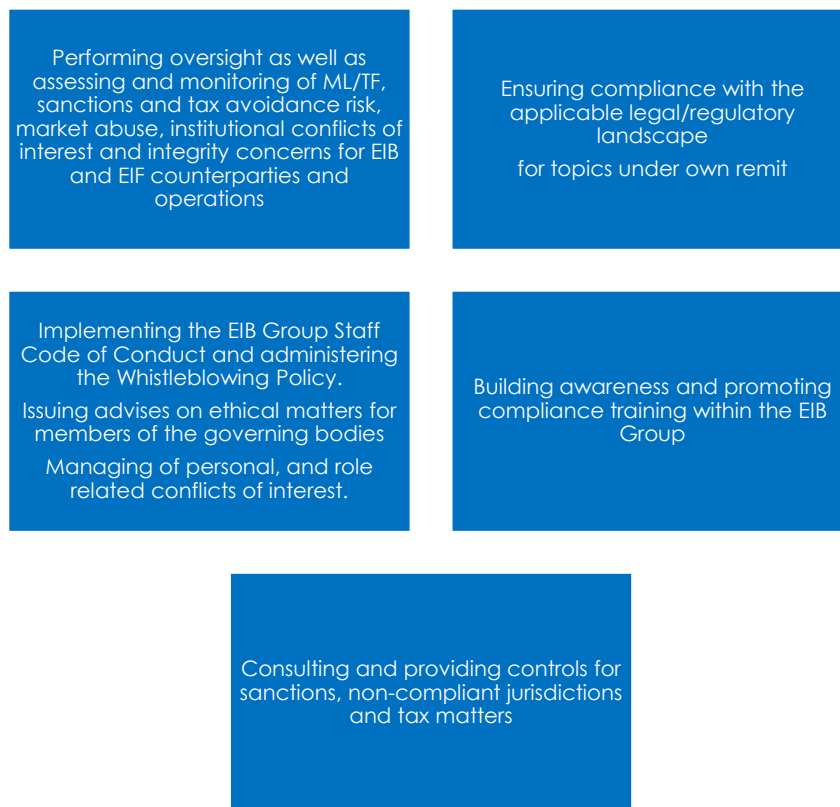
In line with the existing best banking practice framework, the EIB Compliance Function, under the lead responsibility of the Group Chief Compliance Officer, assesses compliance with key EU banking regulatory requirements related to the fields of business and market conduct (AML/CFT, and market abuse), as well as governance and compliance and ethics culture. With respect to sanctions, the EIB Compliance Function assesses compliance with the EU Restrictive Measures, including those transposing UN sanctions and, following a risk-based approach, sanctions imposed by third countries.

1.3 EIB Group Compliance core activities

The EIB Group Compliance Functions' objective is to assess, monitor and report on relevant non-financial risks (NFRs) of the EIB Group including compliance and conduct. They are responsible for the setting up of the policies and processes to manage compliance risks and ensure the oversight of the first line of defence in adhering to those policies. They are involved in operations throughout their lifecycle, providing expert advice and guidance to the governing bodies and other staff in the fields of AML/CFT, tax good governance, market abuse, MiFID, conflicts of interest and sanctions. In this context, the functions also provide advice to the EIB Group's governing bodies on measures to be taken to (i) ensure compliance with legal and regulatory requirements, and (ii) ensure that risks are effectively managed.

The EIB Group Compliance Functions provide training, raise awareness on compliance matters and implement the EIB Group Staff Code of Conduct and Whistleblowing Policy with a view to instilling a culture of integrity throughout the EIB Group. As such, they also have an advisory and decision-making role on ethics and integrity issues, providing opinions and recommendations to ensure compliance with the principles and high standards of professional ethics, and actively supporting the EIB statutory bodies on matters relating to ethics and integrity.

Figure 1 — Compliance core activities



2 Compliance organisation and governance

This chapter provides an overview of the EIB Group’s non-financial risk governance, outlining the key roles and responsibilities for relevant risk-taking and oversight.

2.1 Organisational structure of the EIB Group Compliance Functions

The EIB Compliance Function, established in 2005, is responsible for compliance risk management on an institutional level, as endorsed by the Board of Directors. It is part of a wider Group Risk and Compliance Directorate, in line with the EIB governing bodies’ aim to strengthen the Group Risk Management Function with increased interaction between the EIF Chief Compliance Officer and both the Group Chief Compliance Officer and Group Chief Risk Officer.

The function has defined specific policies and procedures and implemented controls aimed at ensuring that the risks in the EIB Group Compliance Functions’ remit inherent to EIB Group activities are managed in line with the defined principles, policies and limits. Section 2.2 also details the policies and procedures harmonised at Group level.

The role of the Group Chief Compliance Officer and the EIF Chief Compliance Officer

With risk management techniques and tools becoming more widely used in compliance, the Group Risk and Compliance Directorate aims to promote consistency and synergies between the EIB Group control functions.

In this context, the EIB Compliance Function is responsible for:

- Developing and implementing EIB Group compliance policies and procedures, in consultation with the EIF.
- Independently identifying, assessing and advising on non-financial risks of the EIB Group on a consolidated basis, including compliance and conduct risks.
- Monitoring the above-mentioned risks (oversight role).

The Group Chief Risk Officer has line management responsibility for the Group Chief Compliance Officer. This provides the Group Chief Risk Officer with a comprehensive and holistic view of all risks under his remit. The Group Chief Risk Officer ensures risk management oversight (including compliance) and provides technical advice to the EIB and EIF governing bodies on Group risk-related matters and the EIB Group's overall risk profile. In turn, the Group Chief Compliance Officer is responsible for independent oversight of compliance risk, ensuring identification, assessment and measuring of the compliance risk (from an EIB individual and consolidated perspective) of the EIB Group and for monitoring these risks, under the oversight of the Group Chief Risk Officer.

The EIF Compliance Function is part of EIF Risk Management. The EIF Chief Risk Officer has line management responsibility for the EIF Chief Compliance Officer. The EIF Chief Compliance Officer also has direct and unequivocal access to the EIF Chief Executive and the Deputy Chief Executive, the EIF Board of Directors and Audit Board, the Group Chief Compliance Officer, and the Group Chief Risk Officer. The EIF Chief Compliance Officer reports to the EIF's management and governing bodies on EIF Compliance Function activities and holds regular meetings with the EIF Board of Directors and with the EIF Audit Board.

Staffing and resources

Following successful recruitment campaigns, the EIB Compliance Function's headcount has increased by 4.5% (116 staff members at the end of 2023 vs. 111 at the end of 2022).

The EIF Compliance Department saw an increase in headcount over 2022 and 2023, with 30 staff members in place at the end of 2023.

Figure 2 — EIB Compliance Function structure

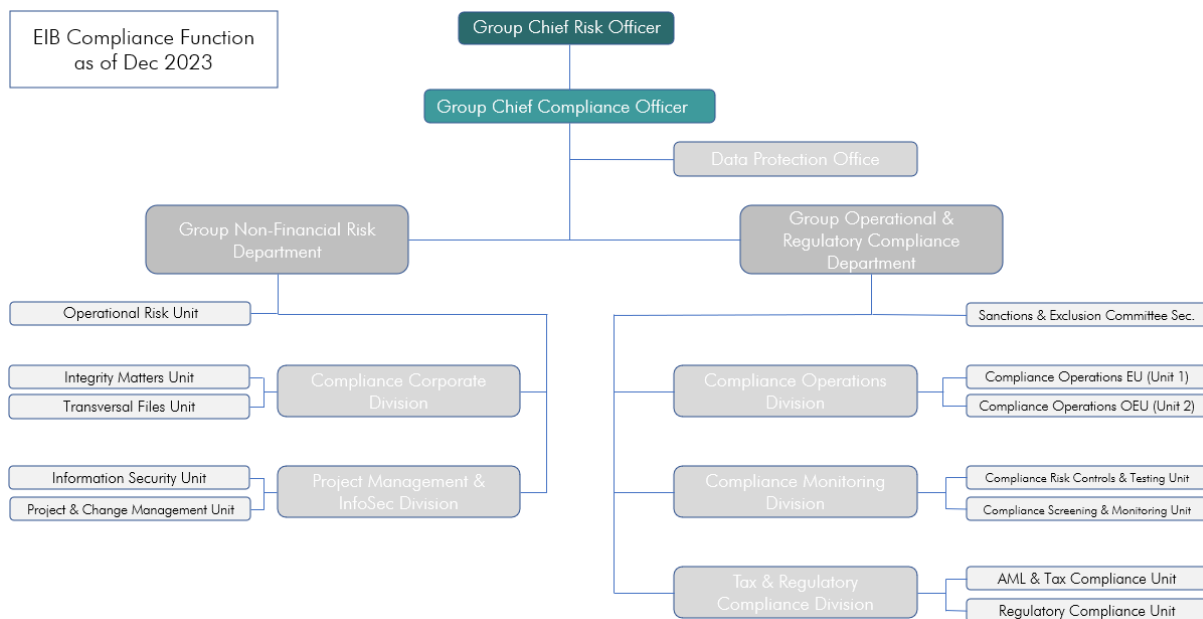


Figure 3 — EIF Compliance Function structure



EIB Group Compliance Functions business activities

The EIB Compliance Function is structured around two departments: (i) Group Operational and Regulatory Compliance and (ii) Group Non-Financial Risk. These departments form the two compliance arms of the EIB with horizontal responsibilities ensuring effective collaboration within the function and across directorates. The EIF Compliance Function has two divisions within the department — the Operations Compliance Division and the Corporate Compliance, Internal Control and Ethics Division.

Training and awareness raising

A series of initiatives designed to ensure regular, up-to-date and high-quality training courses and awareness raising on topics within Compliance’s remit were continued or initiated in 2023. The EIB Group is committed to providing dedicated and continuous training on compliance matters. To minimise any compliance, conduct and reputational risks, the EIB Group continued to promote a sound compliance culture. Specific e-learning courses

on AML/CFT, conduct and whistleblowing, market abuse, anti-fraud and corruption², and personal data protection are available to staff. In the area of institutional conflicts of interest, an awareness-raising presentation was revised in 2023 and is also available to staff. Regular online business ethics workshops are also provided, constituting a key component of the ethics awareness-raising programme. Face-to-face training courses on sanctions have been offered, while an e-learning course for sanctions is being developed with an implementation target of the second quarter of 2024.

Newcomers receive presentations on the Compliance Function (Control Functions and EIB Core Business Processes), a mandatory training session on the EIB Group Staff Code of Conduct and Whistleblowing Policy, and on fraud and corruption awareness.² At the EIF, all newcomers receive a one-off classroom training session on anti-money laundering, whereas all EIF Compliance officers are required to complete any Group compliance-related e-learning modules. As part of an onboarding learning package and in addition to the AML mandatory training, EIF newcomers need to complete training on the EIB Group Staff Code of Conduct and Whistleblowing Policy and the EIB Group Market Abuse Fundamentals course prior to concluding their probation period.

In July 2023, the EIF Compliance Function organised a training session dedicated to targeted staff members on key AML/CFT and sanctions topics. The training session aimed to refresh AML/CFT and sanctions knowledge and further clarify the sanctions escalation process from the first line of defence to second line of defence.

In October 2023, the EIB Group Compliance Functions organised two distinct information sessions on personal and role-related conflicts of interest with external guest speakers. The first session was a restricted, in-person session for EIB and EIF Compliance Liaison Officers and the staff most exposed to conflicts of interest. It provided an opportunity to enhance understanding on managing conflicts of interest across different parts of the organisation, identifying the most exposed and most vulnerable teams, officers and workstreams. The second one was a session open to all EIB Group staff, organised in a hybrid format and aiming to familiarise EIB Group colleagues with the knowledge and skills necessary to identify, manage and mitigate personal and role-related conflicts of interest in their role at the EIB Group.

In addition to the above-mentioned information sessions, also in October 2023, the EIB Compliance Function and the General Secretariat Directorate organised a training session on conflicts of interest for the EIB Board of Directors. The training session focused on the importance of board members correctly understanding the meaning of conflicts of interest, of being proactive and acting in accordance with the applicable internal rules when dealing with conflict of interest situations — during their mandate at the EIB board and the cooling-off period — and of the potential consequences of not following the rules governing conflicts of interest.

In October 2023, the EIB Group Compliance Functions, in collaboration with the Inspectorate General and Human Resources, organised a two-day event bringing EIB Group colleagues together for Global Ethics Day. The event created a platform for open dialogue on a wide range of ethical issues, demonstrating that engaging in ethical discussions can unite individuals and create a sense of shared purpose within the EIB Group.

2.2 Compliance governance

Governance refers to the set of rules, controls, policies and systems according to which an organisation is controlled and operates. This chapter outlines the governance model put in place for the EIB Group Compliance Functions in line with best banking and market practices as well as the Group's approach to managing non-financial risks.

EIB Group alignment

The framework of cooperation between EIB and EIF Compliance Functions signed in 2018 has enabled best practice sharing, enhanced collaboration and increased synergies. Particularly noteworthy alignment initiatives have included Group policies in the areas of AML/CFT, market abuse, sanctions, non-compliant jurisdictions, whistleblowing, code of conduct, conflicts of interest and data protection as well as projects and processes related to digital ambition, the Compliance Risk Assessment and other topics.

² The Group Anti-Fraud Policy is under the remit of the Inspectorate General.

Three lines of defence

The EIB Group is committed to following the three lines of defence model in its internal management of compliance risks and controls.

The first line of defence at the EIB Group includes the Operations, Finance, and Portfolio Management and Monitoring Directorates.

The second line of defence includes risk management and control functions, including the Compliance Function. At the EIB, Financial Control has established the Internal Controls and Assertion Division, aiming to strengthen the second line of defence and to provide a common platform to assess and report on the EIB's risks and controls. At the EIF, Internal Control is part of Internal Control, Regulatory and Corporate Compliance Division. Internal control functions at the EIB and the EIF are separate functions, each having direct access to the relevant executive bodies (EIB President and Management Committee and EIF Chief Executive and Deputy Chief Executive), the relevant board committees and the Audit Committee and Audit Board.

The third line of defence is performed by Internal Audit, which provides an independent review of the risk management practices and internal control framework and reports functionally to the Audit Committee or to the EIF Audit Board, as relevant. Internal Audit conducts an annual audit of AML/CFT and market abuse activities as well as regular audits of other activities falling within the remit of the Compliance Function (such as sanctions, ethics, conflicts of interest).

The EIB Review and Evaluation Process (REP) implements an EIB-specific review and evaluation approach based on the European Banking Authority SREP Guidelines and Single Supervisory Mechanism (SSM) supervisory standards to facilitate verification that the EIB has implemented robust internal controls and risk management strategies, processes and mechanisms, to ensure the ongoing viability and sustainability of the business model and the adequacy of its capital.

3 EIB Group Compliance Risk Assessment and Compliance Monitoring Programmes

This chapter outlines the EIB Group Compliance Risk Assessment and the Compliance Monitoring Programmes for the EIB and the EIF.

3.1 EIB Group Compliance Risk Assessment

The EIB Group Compliance Functions perform the EIB Group Compliance Risk Assessment annually. This assessment is designed to meet specific regulatory requirements,³ guidance and best banking/market practice. The Compliance Risk Assessment methodology was enhanced in 2023 with particular focus on the EIB Group alignment.

The results of this annual exercise include, among other compliance risk topics, the assessment of money laundering and terrorism financing risk.

³ Directive (EU) 2018/843 of the European Parliament and of the Council of 30 May 2018 amending Directive (EU) 2015/849 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, and amending Directives 2009/138/EC and 2013/36/EU; Directive (EU) 2015/849 of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, amending Regulation (EU) No 648/2012 of the European Parliament and of the Council, and repealing Directive 2005/60/EC of the European Parliament and of the Council and Commission Directive 2006/70/EC, which Member States were due to transpose into national law in 2017 and 2020, respectively (fourth and fifth EU AML/CFT Directives); FATF Recommendations and the EBA/ESMA/EIOPA Joint Guidelines JC 2017 37 (EBA's Risk Factor Guidelines).

3.2 Compliance Monitoring Programmes

The Compliance Monitoring Programme at the EIB and EIF enables the respective EIB Group Compliance Functions to assess the design adequacy and operating effectiveness of identified compliance controls. These programmes are a key element of the integrated EIB Group Compliance Risk Assessment framework, feeding back into the EIB Group Compliance Risk Assessment to provide information on the control design and operating effectiveness assessment and thereby assess respective residual risks. In turn, the outcome of the Compliance Risk Assessment serves as a basis for the development of the (multi)annual risk-based plan for the Compliance Monitoring Programme.

For example, during 2023, the EIB Compliance Monitoring Division performed a number of Compliance Monitoring Programme reviews focusing on AML-CFT, with reviews on sanctions and market abuse still ongoing at the time of writing. It is also working with the EIB Compliance Function's subject matter experts to develop a regular subject matter expert control oversight testing to complement the Compliance Monitoring Programme testing.

The governing bodies/executive management at the EIB/EIF are informed about the results of the EIB Group Compliance Risk Assessment and Compliance Monitoring Programmes.

4 Operations and regulatory compliance

4.1 Money laundering and terrorist financing risk

The EIB Group places great emphasis on integrity and good governance and is committed to the highest standards of AML/CFT. This chapter provides information and data on money laundering and terrorist financing risks and AML/CFT compliance as well as an overview of the actions the EIB Group takes to combat money laundering and terrorist financing in the context of its activities both within the European Union and globally. The EIB Compliance Function sets standards and provides guidance to the first line of defence, supports, and advises on money laundering and terrorist financing (ML/TF) risks, and performs risk-based monitoring of first line of defence controls. The EIB Compliance Function, through its Compliance Monitoring Division, performs regular control oversight monitoring and testing activities to assess the control effectiveness of first line of defence controls in relation to AML/CFT.

EIB Group AML/CFT Policy

The EIB Group adheres to an AML/CFT framework through the [EIB Group AML/CFT Policy](#). The policy together with the implementing procedures aim to prevent the EIB Group and its governing bodies, staff and operations from being associated with or used for money laundering and terrorist financing or other criminal activities.

Anti-money laundering and combating the financing of terrorism procedure

The EIB Compliance Function monitors the constantly evolving AML/CFT regulatory environment and related market practices, assessing their relevance and implementing relevant aspects in the EIB Group AML/CFT framework. The EIB Group follows legislative proposals from the European Commission such as on the European Union's AML/CFT rules, as well as the activity of the European Banking Authority (EBA) in this area, all of which are assessed in line with the EIB Best Banking Practice Guiding Principles and the EIF Best Market Practice Guidelines. In 2023, particular attention was given to monitoring EBA guidelines on policies and procedures in relation to compliance management and the role and responsibilities of the AML/CFT Compliance Officer and developments relating to the new EU AML Package.

The EIB Group continues to actively monitor guidance and guidelines issued by the EBA and Financial Action Task Force (FATF), as well as legislative proposals from the European Commission, such as on the European Union's AML/CFT rules, which are assessed in line with the EIB Best Banking Practice Guiding Principles.

Reporting on AML/CFT

The EIB Group Compliance Functions share the following information with senior management:

- Comprehensive and timely information and data on money laundering and terrorist financing risks and AML/CFT compliance, proportionate to the scale and nature of activities.
- Impact of changes in the legal or regulatory environment on the activities and compliance framework.
- AML/CFT controls to be implemented or strengthened, proposals for improvement and progress reports on significant remedial programmes about their money laundering and terrorist financing risk exposure.

To support decision making of the Group's senior management, regular updates are provided to the Group's governing bodies on the evolution of money laundering and terrorist financing risk by monitoring a set of risk indicators and provides trends and analysis with focus on the Group's exposure to this risk.

Ex-ante AML/CFT due diligence and compliance assessment of the operations

In its role of the second line of defence, the EIB Group Compliance Functions provide independent expert advice to the first line of defence and the decision-making bodies on AML/CFT and integrity aspects of operations at the ex-ante stage.

In accordance with the EIB Group AML/CFT Policy, the Group applies customer due diligence measures to relevant counterparties for all operations on a risk-sensitive basis, considering the type of counterparty, the nature of the relationship, the product or transaction and the country of operation.

The Bank's first line of defence identifies money laundering and terrorist financing risk factors through its due diligence or automated screening processes. The EIB Group Compliance Functions are consulted by the first line of defence in higher risk situations. When consulted, the EIB Group Compliance Functions assess the compliance risk potentially associated with a specific higher risk operation and/or counterparty and may propose measures to mitigate or manage money laundering and terrorist financing and other compliance risks, including reputational risk.

The EIB Group Compliance Functions:

- Set up the compliance policies, frameworks, methodologies and tools — for example, risk scoring methodologies and related IT systems.
- Ensures the oversight of the first line of defence services in adhering to the policies and frameworks.
- Advise and report to the Bank's governing bodies and other relevant services in relation to compliance risks.
- Design and provide general and bespoke training to the first line of defence to enable them to carry out their due diligence tasks.

Enhancing the development of EIB Group missions

In 2023, the EIB Compliance Function contributed to the deployment of the EIB Group's mandates, by providing advice on compliance matters in the area of technical assistance and advisory services provided by the EIB to systemically important recipients of EIB funds with the objective of promoting adherence to regulations, policies and industry best practices, as well as establishing robust control environments for the prevention, detection and remediation of integrity risks falling under its remit. Together with other EIB departments, the EIB Compliance Function also participated in the EIB SME Banking and Microfinance Academy — a series of events in Africa seeking to tackle challenges common to the recipients of EIB funds — and led a panel on international best practices and standards in the field of AML/CFT compliance, emphasising compliance as a business enabler.

Figure 4 — Number of EIB Compliance Function consultations and opinions 2021-2023

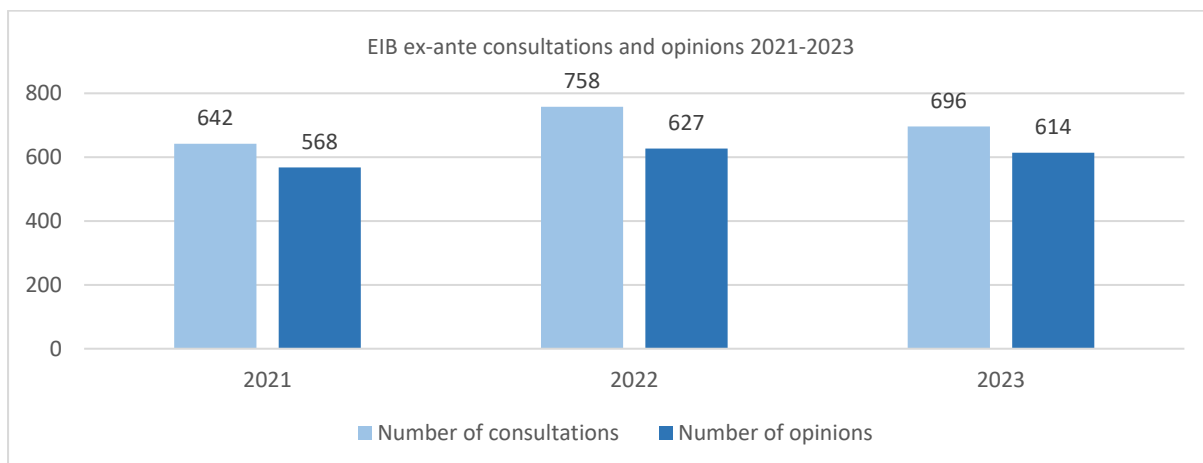
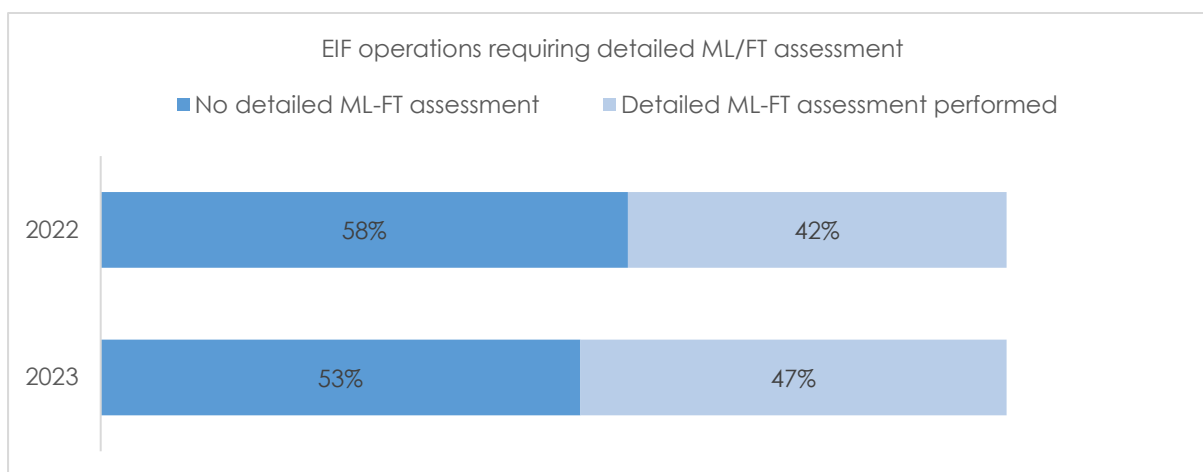


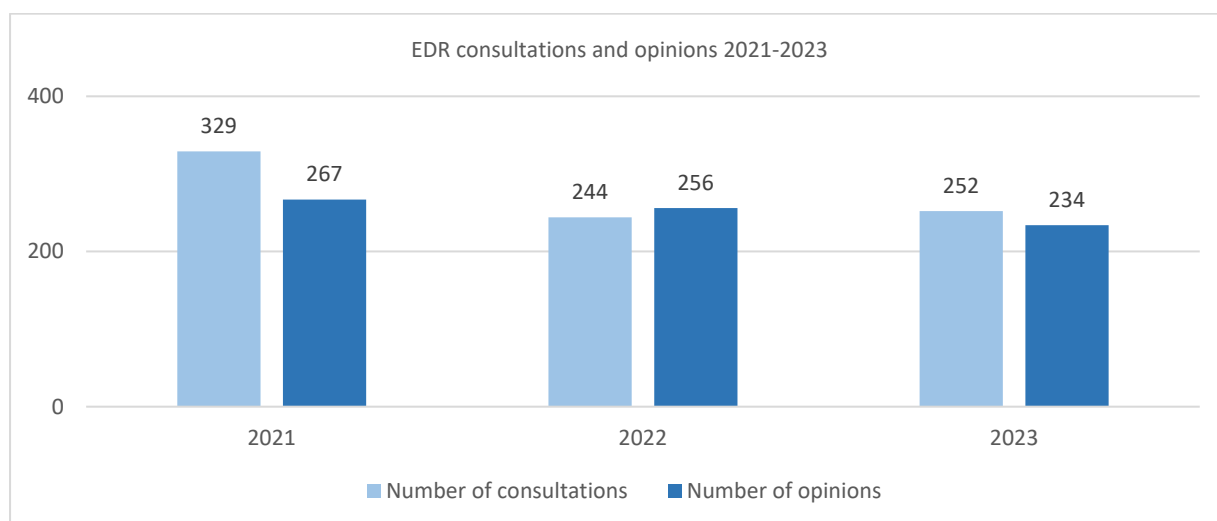
Figure 5 — Percentage of EIF operations requiring detailed money laundering and terrorist financing assessment in the compliance opinion in 2022-2023



Event-driven reviews following board approval

The EU AML/CFT Directive requires information about relevant counterparties and their risk profile to be kept up-to-date throughout the lifetime of the business relationship. In this context, as the second line of defence, the EIB Group Compliance Functions are consulted on a risk-based approach when events/changes in relation to counterparties or operations occurring post-board approval involve higher money laundering and terrorist financing risk factors and/or may impact the existing ones. In the context of raising awareness, the EIB Compliance Function provided training on the compliance requirements and actions needed for changes after board approval.

Figure 6 — EIB event-driven review statistics 2021-2023



Ex-post AML/CFT due diligence other than event-driven reviews

In relation to ex-post counterparty due diligence, the EIB Group Compliance Functions are involved in the review of potentially unusual transactions, ongoing monitoring of counterparties and the reporting of suspicious activities and transactions. Further information on these activities is provided below.

Review of potentially unusual transactions: The EIB Group's services maintain controls to identify unusual transactions. In accordance with the EIB risk-based approach, the EIB Group Compliance Functions are consulted by the relevant first line of defence services on incoming and outgoing payments in the case of pre-defined money laundering and terrorist financing risk-related triggers. Consultation of the Compliance Function may trigger enhanced customer due diligence measures, and in the event of suspicion of money laundering and terrorist financing, reporting to the Luxembourg Financial Intelligence Unit (FIU).

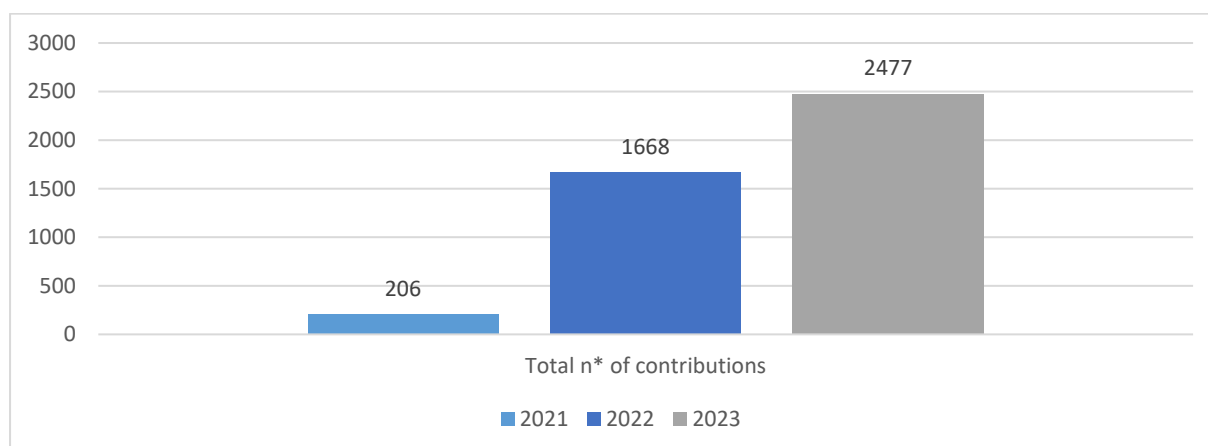
Ongoing monitoring of counterparties: The Compliance Function guides and advises the first line of defence by applying a risk-based approach to assess money laundering and terrorist financing risk factors identified throughout the duration of business relationships. The Compliance Function is involved in reviews where relevant including in ongoing name screening activities. The EIB Group Compliance Functions may issue recommendations to mitigate the money laundering and terrorist financing risks and ensure that the money laundering and terrorist financing risk assessment of the relevant counterparty and/or operation is updated.

In 2023, around 150 consultations were performed by the EIB Compliance Monitoring Division, which also helped first line of defence services to conduct the regular customer due diligence periodic reviews of the Bank's counterparties. This resulted in the EIB Compliance Monitoring Division being consulted 2 330 times.

Reporting of suspicious activities and transactions: The EIB and EIF have a memorandum of understanding in place with the Luxembourg Financial Intelligence Unit (FIU) that provides a framework for exchanging information when reporting suspicious activities and transactions that may constitute money laundering, related underlying offences or terrorist financing.

AML control oversight testing: In order to complement the Compliance Monitoring Programme, regular control oversight monitoring and control effectiveness testing on first line of defence controls is performed by the EIB Compliance Monitoring Division. This includes regular system data extraction, analysis, assessment of AML related data inconsistencies and risk-based controls testing. Based on these activities, possible control or data deficiencies can be identified and the control framework enhanced. The digitalisation of the counterparty lifecycle management and the full implementation of the three lines of defence model for customer due diligence will continue to enhance the implementation of the AML target operating model and strengthen first line of defence ownership of related risks while extending AML control oversight and compliance monitoring activities.

Figure 7 — EIB total number of monitoring contributions 2021-2023



4.2 Sanctions risk and exclusions

The sanctions landscape in 2023

The fast-evolving and increasingly complex sanctions landscape requires the EIB Group to continue optimising the sanctions compliance programme, in line with best banking practices and recommendations from competent sanctions authorities. In 2023, particular attention was paid to the regulatory developments related to Russia's aggression against Ukraine and the Council decision to add the violation of EU Restrictive Measures to the list of EU Crimes included in the Treaty on the Functioning of the EU. The EIB Group three lines of defence model was further strengthened to take into account these developments, including potential reputational impact.

Group alignment is well underway in the field of sanctions. In line with the EIB Group Sanctions Compliance Policy, the EIB and EIF follow the below principles in order to further develop a centralised sanctions compliance programme aiming to strengthen cooperation between the EIB Group Compliance Functions, with EIB Compliance Function acting as a centre of expertise in the field of sanctions and the EIF Compliance Function as a satellite, by, among other things:

- Ensuring the appropriate mutual exchange of information.
- Sharing best practice and respective business knowledge.
- Identifying and implementing synergies.

Sanctions compliance programme

The EIB Group's expanding reach and increasing product and programme diversification requires an up-to-date control framework that appropriately prevents, identifies and mitigates sanctions risks.

In 2023, the EIB's sanctions compliance framework was enhanced further with the implementation of additional controls.

Within the framework of a centralised sanctions compliance function, the EIF continues to apply best market practice, general principles and standards set out in EU law and recommendations from the different authorities.

The sanctions compliance programme will continue to be enhanced and optimised in line with best banking practice or best market practice and recommendations from the competent sanctions authorities, with a particular focus on sanctions-related regulatory developments connected to Russia's aggression against Ukraine (including preventative detection of circumvention patterns) and any other regions (such as the Middle East) that might potentially impact the EIB Group's projects and operations.

The EIB Compliance Function activities in the field of sanctions between 2020 and 2023 are illustrated in Figure 8. In addition, EIF Compliance Function recorded internal consultations on which it required in-depth sanctions advice from the EIB Compliance Function.

The EIF Compliance Function activities in the field of sanctions in 2023 are illustrated in Figure 9, including the number of internal consultations between the first line of defence and Compliance and consultations with the EIB Compliance Function.

Figure 8 — EIB Compliance activities in the field of sanctions (2020-2023)

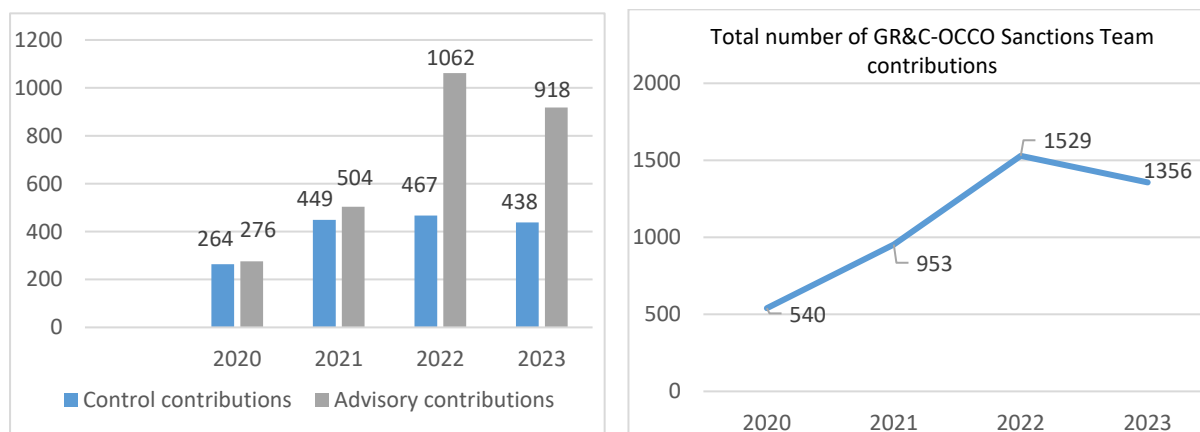
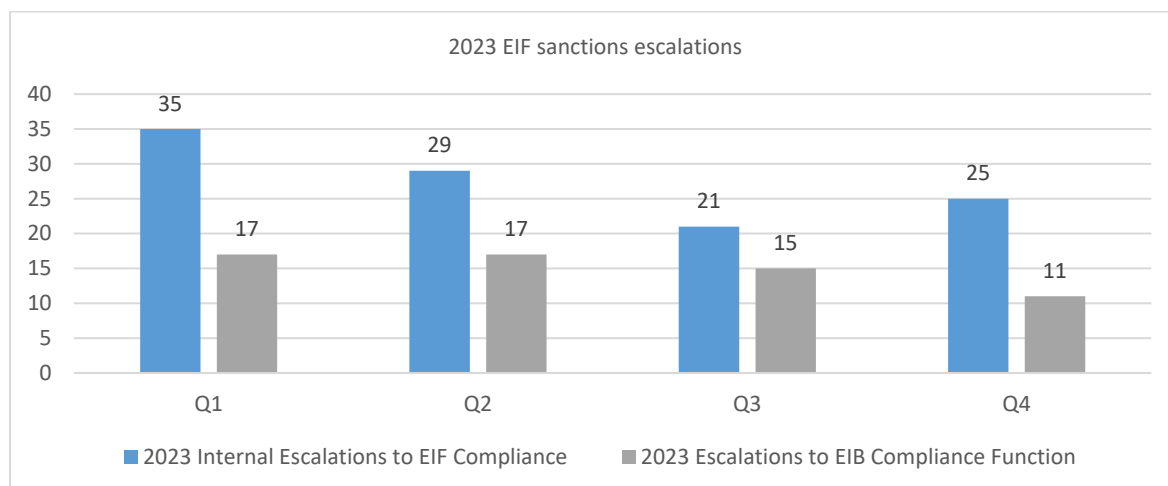


Figure 9 — EIF Compliance Function activities in the field of sanctions



Exclusion Committee Secretariat

The EIB Compliance Function is responsible for the Secretariat of the Bank’s Exclusion Committee. The latter acts in accordance with the [Exclusion Policy](#) and was established in 2020. The Secretariat’s activities take place under the guidance of the Chair and comprise the preparation of notices, decisions and other documents based on the deliberations of the Exclusion Committee. Moreover, the Secretariat addresses any procedural, and operational questions from committee members.

Human Rights Compliance Programme

The European Union was founded on shared determination to promote peace and stability and to build a world based on respect for human rights, democracy and the rule of law. These principles underpin all aspects of the internal and external policies of the European Union. In this regard, the EIB Group observes the EU Global Human Rights Sanctions Regime in its operational activities and is the only development finance institution bound by the Charter of Fundamental Rights of the European Union. Its work is also guided by international human rights instruments including, but not limited to, the UN Guiding Principles on Business and Human Rights.

The effective management of environmental, social and governance risks has emerged as a key dimension in this ecosystem. The EIB Compliance Function is playing an increasingly broad role in contributing to the EIB's Group work in this field by focusing on the development of an effective risk management programme.

Given that human rights have emerged as the analytical framework through which social risks are considered in operational activities, and pursuant to the EIB Group's approach to human rights⁴ as published on 6 February 2023, the EIB Compliance Function has taken a leading role in managing the compliance-related aspects of establishing a dynamic assessment of the impact of its activities on human rights. The goal is to promote human rights wherever possible and to implement measures for managing the associated risks, such as:

- The development of a holistic contextual risk assessment methodology to incorporate country and sector risks across all operations, complementing the assessments conducted on each operation.
- The establishment of a systematic regulatory watch to scan for emerging trends.

Throughout 2023, the EIB Compliance Function also continued to perform a consultative role for higher impact operations from a human rights perspective, developing insights into existing vulnerabilities, and engaging other directorates in discussions on key initiatives intended for future implementation.

4.3 Non-cooperative jurisdictions and tax good governance

The EIB Group is committed to having effective compliance-related policies and procedures in place in order to prevent operations from being misused for tax fraud, tax evasion and tax avoidance, among other things.

The EIB Group Policy on weakly regulated, non-transparent and non-cooperative jurisdictions and tax good governance ([EIB Group NCJ Policy](#)) takes account of recent European and international regulatory developments in tax integrity as well as tax good governance standards and policies, such as the EU Council conclusions on the EU list of non-cooperative jurisdictions for tax purposes, the Organisation for Economic Co-operation and Development (OECD) base erosion and profit shifting project and the European Union's anti-tax avoidance package.

The EIB Group continuously works on strengthening its tax good governance framework and in 2023 developed a Tax Integrity Risk Rating tool, which is being piloted and tested with expected Group-wide implementation in 2025.

Several tax integrity due diligence processes were further streamlined in cooperation with the first line of defence in the context of the efficiency project aiming to reduce time to market and align with the digital ambition and digital transformation processes of the Bank by implementing targeted adjustments to the current processes and following a risk-based approach.

Non-cooperative jurisdictions

Non-cooperative jurisdictions (NCJs) under the EIB Group NCJ Policy are designated based on relevant classifications made by one or more lead organisations with respect to jurisdictions which have not made sufficient progress towards satisfactory implementation of EU and/or internationally agreed standards in connection with AML/CFT and/or tax transparency/tax good governance. The lead organisations include, among others, the European Union, the Financial Action Task Force (FATF), the OECD, the Global Forum and the G20.

The EIB Group closely follows and considers updates made to these lead organisations' reference lists. For more information on the reference lists, please see the EIB Group NCJ Policy — [Frequently Asked Questions](#).

Tax integrity due diligence

The EIB Group NCJ Policy includes the Anti-Tax Avoidance Toolbox, which sets out general expectations for contracting counterparties as part of the tax integrity due diligence process at the EIB Group.

All EIB and EIF operations are subject to a risk-sensitive assessment in line with the standards of the due diligence process outlined in the EIB Group NCJ Policy and the respective EIB/EIF revised implementing procedures (NCJ Procedures), among other documents. The total number of consultations at the EIB increased by 10.4% between 2022 and 2023. While the number of operational queries and tax integrity due diligence requests remained stable, the number of non-operational tax good governance queries increased by 28.1% compared to 2022. The

⁴ <https://www.eib.org/en/publications/20220268-the-eibs-approach-to-human-rights>

jump in non-operational queries can be partially attributed to intensified exchanges with other development finance institutions.

Figure 10 — EIB Compliance tax team activities 2021-2023

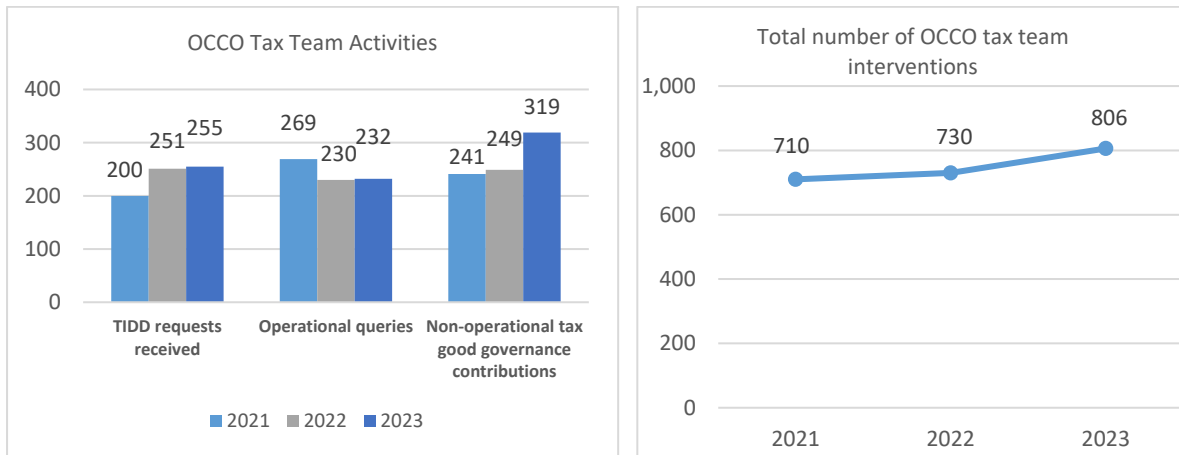
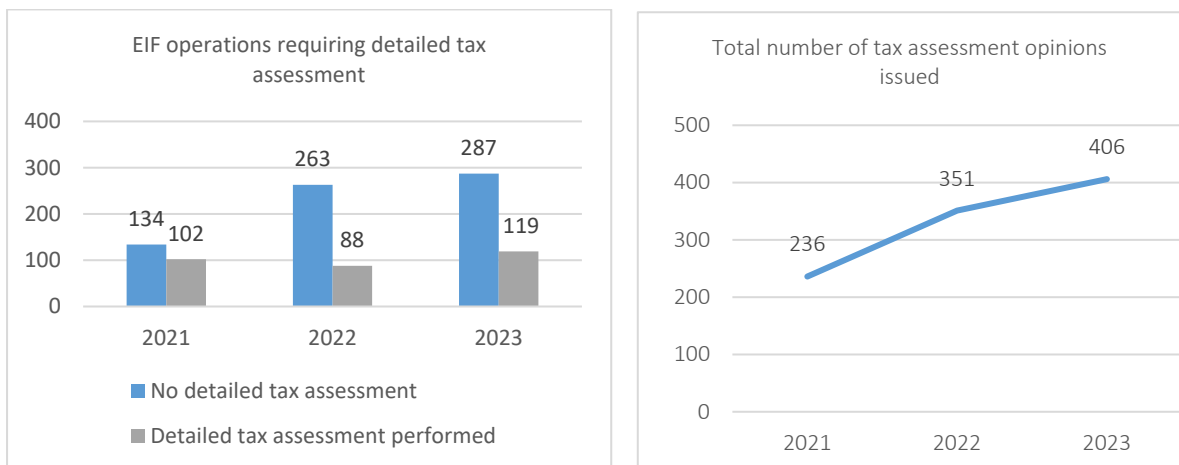
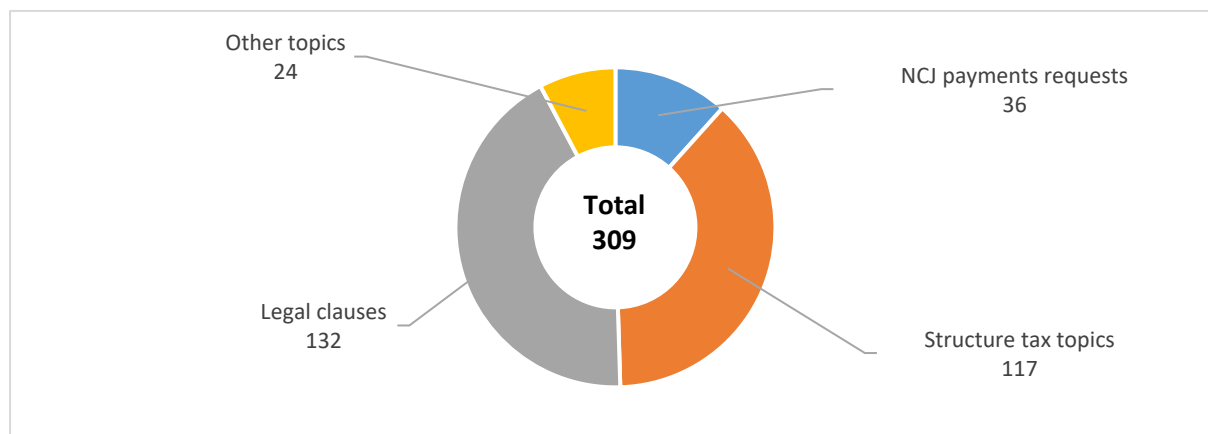


Figure 11 — EIF Compliance Function tax team activities in 2021-2023⁵



⁵ Includes private equity, Guarantees, Securitisations and Inclusive Finance and mandate opinions.

Figure 12 — Number of ad hoc consultations of EIF Compliance in 2023⁶



Regulatory matters in AML/CFT, tax avoidance/NCJ, market abuse, institutional conflicts of interest and MiFID

As part of the EIB Group Compliance Functions’ day-to-day activities, regulatory support, opinions and interpretative assistance are provided for queries on regulatory topics linked to non-cooperative jurisdictions, AML/CFT, tax avoidance, market abuse, MiFID and general integrity matters. These matters stem from integrity clauses and mandate-related documentation, special agreements and finance structures, and from other specific regulatory queries related to the interpretation of the EIB Group’s policies and procedures.

4.4 Market integrity

Market abuse

The guidelines for the prevention of insider dealing and market manipulation were revised and transformed into the EIB Group Market Abuse Policy in 2021. The policy provides the overall framework for market abuse compliance at the EIB Group. Furthermore, the EIB Group adopted the Market Abuse Procedure in 2022 and the EIF Market Abuse Procedure in 2023.

The Market Abuse Policy provides a detailed description the specific market abuse prohibitions, requirements and responsibilities of the first and second lines of defence (the three lines of defence being largely unchanged) on the prevention and detection of market abuse. In addition, the main market abuse prohibitions (insider dealing, unlawful disclosure of inside information and market manipulation) are complemented by additional clarity on EIB requirements regarding personal transactions, market sounding and market manipulation.

The EIB Compliance Function also issues guidance on specific topics (for example, Chinese Walls, inside information access rights and a checklist to identify inside information) to enhance the ability to detect and prevent market abuse.

Furthermore, controls are performed on the insider lists for both the EIB and the EIF. An EIB Group e-learning module on market abuse for EIB and EIF staff is also in place, covering market abuse fundamentals. In 2023, five dedicated market abuse training courses were provided at the EIB.

Digitalisation efforts are under way to further automate the implementation of regulatory requirements, including the management of insider lists. The EIB Group Compliance Functions also provide ongoing advisory services (approximately 95 queries per year) related to operations with market abuse risk exposure as well as regulatory interpretations on market abuse topics.

The EIB and EIF Compliance Functions participate separately in the annual Compliance Risk Assessment and Compliance Monitoring Programme and perform specific testing as part of their oversight activities (for example,

⁶ Includes private equity, Guarantees, Securitisations and Inclusive Finance and mandate opinions.

risk-based testing on insider lists and a dedicated review of particular EIB/EIF activities from a market abuse point of view).

Markets in Financial Instruments Directive

The EIB Compliance Function continues to design and update strategic compliance plans and performs activities to analyse existing internal documentation, processes and controls, identify gaps and take adequate remedial actions. In 2023, the area of focus was the activities of the Finance Directorate of the EIB.

As part of its day-to-day activities, the EIB Compliance Function provided advice on the Markets in Financial Instruments Directive (MiFID) in response to queries from EIB services, to monitor compliance with the relevant legal and regulatory requirements.

Institutional conflicts of interest

The EIB Group has a framework in place for dealing with institutional conflict of interest situations to protect market integrity. It establishes a uniform definition of institutional conflicts of interest, outlines the key risks the EIB Group and relevant people could be exposed to in connection with institutional conflicts of interest, and sets out the key principles for the timely identification and management of such conflicts of interest arising during or in connection with the EIB Group's activities.

The new EIB framework for dealing with institutional conflicts of interest entered into force in the first quarter of 2023. Over the course of 2023, the Compliance Function further assisted the Bank's relevant services with implementing this framework and provided support in the form of institutional conflicts of interest-related guidance based on the questions raised by EIB staff. Moreover, as part of its day-to-day activities, the Compliance Function supported the Bank's services by providing institutional conflicts of interest-related and technical advice to monitor compliance with the respective legal and regulatory requirements in relation to operations and projects. A similar approach was taken by the EIF Compliance Function. The EIF Implementing Procedure for Institutional Conflicts of Interest was approved and entered into force on 8 March 2023. In 2023, the EIF Compliance Function continued to work closely with the EIF services on the implementation and application of the related framework at the EIF.

New product and mandate approval process

The EIB Compliance Function participates in the approval process for new products and mandates by providing Compliance Risk Assessments to be factored into the EIB's design and execution of a new product or mandate.

The EIB Compliance Function is a member of the New Product Committee and as such fulfils its role in the new product approval process, as described in the EBA guidelines on internal governance, providing compliance risk assessment.

In 2023, the EIB Compliance Function participated in the review of the amendments to the EIB New Product Policy and Procedure and in the identification, assessment and approval process for 14 potential new products or significant changes to existing products.

The EIB Compliance Function participates in the approval process for new mandates. It participated in the approval process for approximately 20 new mandates or amendments to existing mandates and sub-mandates in 2023. The EIB Compliance Function was also extensively involved in the Mandate Management Procedures Guide review, which culminated in improved operational steps for mandate review as well as in a more customised assessment of compliance risks.

5 Conduct risk

Conduct risk is defined as the current or prospective risk of losses to an institution arising from inappropriate conduct towards counterparties and the financial system, including cases of wilful or negligent misconduct. This chapter outlines the policies and approaches that the EIB Group has put in place to actively promote the highest standards of integrity for both its staff and statutory bodies.

5.1 Staff integrity matters

The promotion of a strong compliance culture among its employees is one of the highest priorities for the EIB Group. To minimise compliance, conduct and reputational risks, the EIB Group promotes the compliance culture change programme, and awareness on integrity matters is enhanced through training (see Chapter 3.1). In October 2023, the yearly ethics days were also held in both the EIB and the EIF to raise awareness on key integrity matters for staff.

The EIB and EIF Boards of Directors are closely involved in setting compliance policies and promoting a compliance culture and ethical behaviour, reinforcing the protection of the EIB Group's reputation through a collective commitment to EIB Group values and integrity principles in line with the EBA and Basel Committee Guidelines.

EIB Group Staff Code of Conduct

The EIB Group Staff Code of Conduct seeks to strengthen cooperation within the EIB Group Compliance Functions, to create synergies, to increase the efficiency of compliance risk management and to achieve consistency across the EIB Group. A new version of the EIB Group Staff Code of Conduct was adopted and published in February 2023. The revised EIB Group Staff Code of Conduct represents an evolution aimed at addressing lessons learnt over the past three years, taking the opportunity to provide further clarifications in various areas.

Furthermore, on 3 February 2023, a new EIB Group Staff Conflicts of Interest Policy entered into force, replacing the EIB Group Conflict of Interest Guidelines. The EIB Group Staff Conflicts of Interest Policy sets out the core principles and measures of the EIB Group conflict of interest framework and aims to ensure that EIB Group entities effectively identify, assess, manage, mitigate and monitor or prevent any conflict of interest risks arising within the EIB Group, including in relation to certain stakeholders.

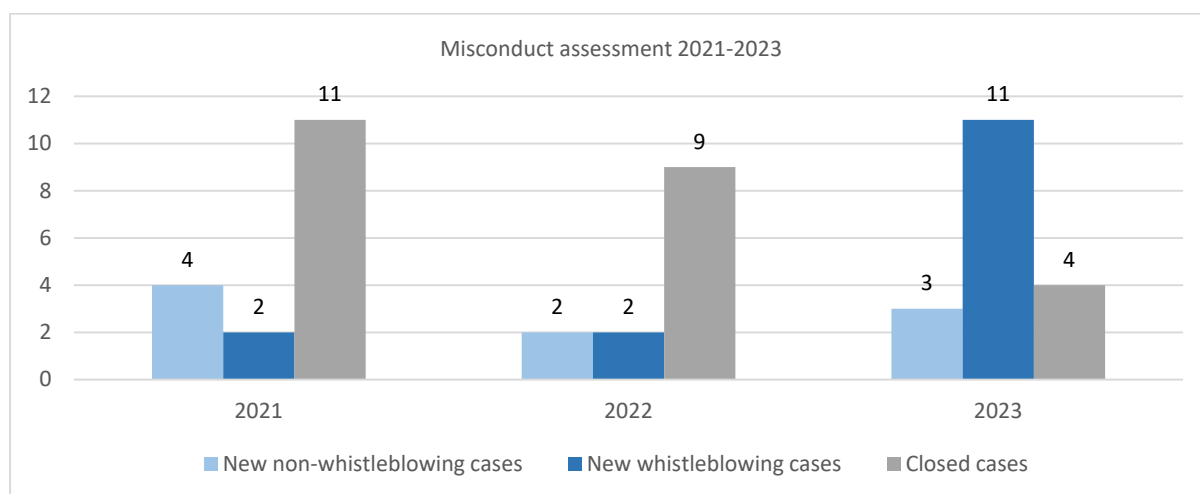
The reporting of alleged breaches of the EIB Group Staff Code of Conduct concerning EIB staff has been centralised through a single-entry point — the Investigations Division within the Inspectorate General. In this context, the EIB Compliance Function ascertains whether the facts as established in the report provided by the Investigations Division constitute breaches of the EIB Group Staff Code of Conduct (other than prohibited conduct and harassment, which fall into the remit of the Inspectorate General and Human Resources, respectively).

Misconduct assessment procedures

The below figure shows an increase in whistleblowing cases, which is attributed to the changes brought in by the new version of the EIB Group Whistleblowing Policy. The policy was fully aligned with the principles of the European Whistleblowing Directive, which vastly enhanced the scope of what constitutes whistleblowing.⁷

⁷ Article 1.8. of the EIB Group Whistleblowing Policy states that: "Whistleblower means any natural person referred to in the scope of this Policy who submits a report in an individual capacity and in good faith regarding: (i) misconduct which has occurred or might be occurring, or (ii) attempted misconduct. Reporting as part of the regular function or duty of a specific service does not qualify as whistleblowing. Reports that are submitted in bad faith, particularly if they are based knowingly on false or misleading information shall not be deemed to be admissible; such reports constitute misconduct that entails disciplinary proceedings. In any case, all reports shall be deemed to be admissible until assessed otherwise. Information which is already fully available in the public domain or unsubstantiated rumours and hearsay are not admissible in the context of this Policy."

Figure 13 — EIB misconduct assessment 2021-2023⁸



Declarations of interest from the EIB Management Committee and Senior Cadres, the EIF Chief Executive and Deputy Chief Executive, and senior staff

In 2023 the EIB implemented the revised form of the declaration of interest applicable to members of the Management Committee and Senior Cadres. The declarations of interest of members of the Management Committee are published in the EIB website.

In 2023, EIF revised and aligned the declaration of interest with the EIB version of the document. It was completed by the EIF Chief Executive and Deputy Chief Executive and senior staff. The declarations of interest of the EIF Chief Executive and Deputy Chief Executive are published in the EIF website.

5.2 Statutory bodies’ integrity matters

The EIB Group Compliance Functions continued to support the Secretariat General and the governing bodies in matters of ethics and integrity. This was primarily done through opinions provided to the EIB Ethics and Compliance Committee.

At the EIF, opinions of the EIF Chief Compliance Officer are provided to the Chair of the EIF Board of Directors.

5.3 Personal conflicts of interest

The revised EIB Group Staff Code of Conduct makes a clear distinction between institutional, role-related and personal conflicts of interest.

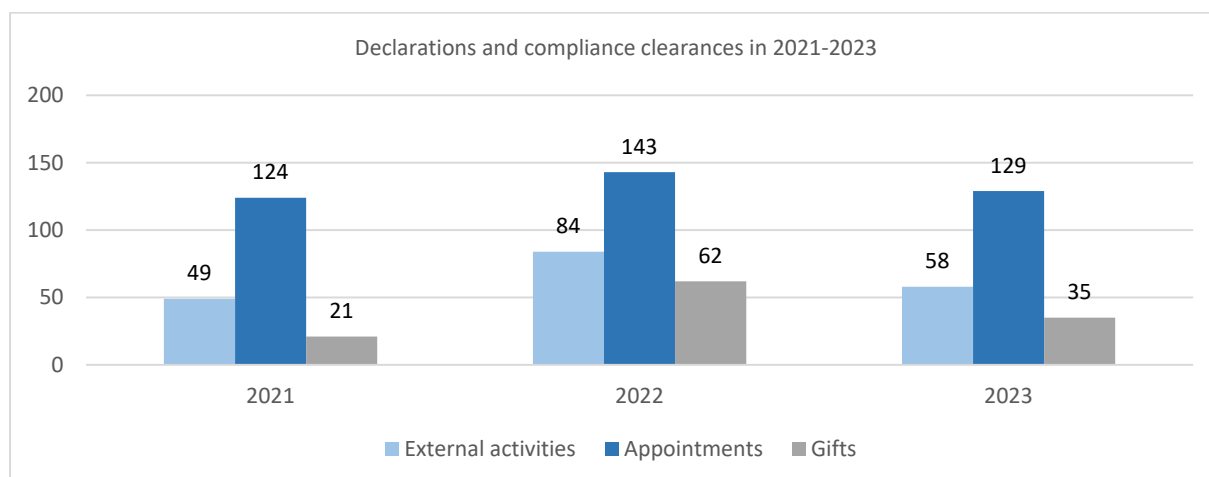
Personal conflicts of interest may prejudice the independence and loyalty of staff members and compromise the discharge of their professional duties, having in turn an impact on the reputation and integrity of their employer. Personal conflicts of interest may be actual, potential or apparent, the latter category having a particular reputational risk aspect. All personal conflicts of interest must in principle be avoided or — if they do arise — be appropriately reported and mitigated. Situations that may be liable to give rise to personal conflicts of interest should be declared to the manager and the EIB or the EIF Compliance Function for guidance, assessment and recommendation of the appropriate mitigating action.

Declarations and compliance clearances

EIB and EIF Compliance Functions are responsible for preliminary assessments, informal advice and clearance of conflicts of interest, private investments, gifts, external activities and declarations of interest.

⁸ The misconduct assessment numbers for 2022 were modified retroactively due to year-end adjustments.

Figure 14 — EIB declarations and compliance clearances 2021-2023



5.4 Compliance consultations for integrity policy clauses

In 2023, 226 consultations were conducted on integrity policy clauses.

Similarly, the EIF Compliance is responsible for compliance consultations with respect to relevant integrity and policy clauses. This occurs predominantly when formalising mandate-related standard terms and for individual operation contract signatures.

6 Personal data protection at the EIB Group: Emphasis on compliance in the field

The EIB Group has appointed Data Protection Officers (DPOs). In the EIB this appointment was made in 2003, and in the EIF in 2007 (each Data Protection Officer serves as a back-up for the other). Their tasks are to advise on personal data-related issues and to strive for compliance with the data protection rules of their respective institution in line with the European Union’s Data Protection Regulation (EUDPR) 2018/1725. Within the EIB Compliance Function, the Data Protection Officer reports administratively to the Group Chief Compliance Officer and functionally to the Management Committee, and within EIF the Data Protection Officer reported to the EIF Deputy Chief Executive in 2023 and from January 2024 has reported to the EIF Chief Compliance Officer. Both Data Protection Officers act as a liaison with the European Data Protection Supervisor for data protection-related matters. For more information on data protection at the EIB Group, see the [EIB Group Personal Data Protection Policy](#).

In 2023, the EIB and EIF Data Protection Officers focused on monitoring compliance with the obligations deriving from the European Union’s Data Protection Regulation (EUDPR) 2018/1725 and enhancing EIB Group alignment in the area of data protection.

The Data Protection Officers operate on the basis of a completed regulatory framework establishing the policies, procedures and implementing acts for the general data protection principles applicable by the EIB and the EIF. Moreover, they have developed and implemented digital tools to facilitate the internal workflow on data protection matters, the ticketing tool for the EIB and the data protection register tool for the EIB and EIF helping to ensure EIB Group compliance with regulatory obligations. A data protection-related digital learning programme has been also developed and deployed internally for new staff at the EIB.

In 2023, the Data Protection Officers began mapping existing workflows where the processing of personal data is involved, and started reviewing the practical implementation of data protection requirements in the field. Particular attention was paid to new and existing processing activities related to personal data in order to determine whether a Data Protection Impact Assessment (DPIA) is required, and also to develop a risk assessment

to be used for the transfer of personal data to third countries when no adequacy decision from the European Commission is in place.

7 Cooperation with multilateral development banks and other international stakeholders

The EIB Compliance Function maintains regular contact with peer international financial institutions (such as the World Bank, the European Bank for Reconstruction and Development (EBRD), the International Finance Corporation (IFC), the Asian Development Bank (ADB) and the Nordic Investment Bank (NIB)), and exchanges with EU bodies, standard-setting international organisations (such as the Financial Action Task Force (FATF)) and civil society organisations to enable ongoing alignment of compliance activities with relevant international standards and best banking practice in areas such as ethics and integrity, Compliance Risk Assessment, AML/CFT and tax and NCJ matters. In this context, the Group Chief Compliance Officer also participates in various international meetings.



Multilateral Development Bank Private Sector Integrity Meeting at the EIB, Luxembourg, September 2023.

In September 2023, the EIB Group and the Council of Europe Development Bank hosted a Multilateral Development Bank Private Sector Integrity Meeting bringing together experts from more than 20 multilateral development banks from Asia, the Americas, Africa and Europe to share good practice in the field of compliance.

In addition, the EIB Group Compliance Function maintains regular contact with fellow development finance institutions in the European Union, and met twice with their peers from Agence Française de Développement (AFD) and Kreditanstalt für Wiederaufbau (KfW) in 2023. The respective Compliance Functions shared knowledge, experience, best compliance practices and developments in the field of AML/CFT, tax good governance and sanctions and discussed the challenges faced by compliance functions in development finance institutions.

Furthermore, the EIB Group Compliance Functions' tax teams participate in regular meetings with other international financial institutions to share experiences and discuss tax good governance approaches. In March 2023, the EIB Group participated with other multilateral development banks in a tax symposium hosted by the IFC in Washington. In July 2023, the EIB Group Compliance Functions' ethics team participated to the international financial institutions annual meeting hosted by the ADB in Manila, where main highlights on ethics and integrity were discussed.

In relation to sanctions, the EIB Group is aiming to strengthen cooperation with the European Commission (DG FISMA) and the European External Action Service (EEAS), to share information on restrictive measures and the most recent regulatory developments in this field. Furthermore, the EIB Group will continue to have regular contact with international financial institutions and multilateral development banks concerning trends, policies, strategies and best banking practices associated with sanctions.

8 Priorities for 2024

The EIB Group Compliance Functions plan to focus on Group strategy and oversight, digitalisation and enhancing processes and procedures as the second line of defence in Group risk and compliance. Priorities also include enhancements to business continuity preparedness and resilience and regulatory compliance. The priorities for the functions are aligned with the common corporate objectives of the EIB Group. Attention will also be paid to streamlining key processes and further strengthening the internal control framework, including within the context of the efficiency project aiming to reduce the time to market and align with the digital ambition and digital transformation processes by applying targeted adjustments and following a risk-based approach. Noteworthy priorities for 2024 include:

Digitalisation and three lines of defence: In 2024, the EIB Group Compliance Functions plan to continue to promote digitalisation across their activities and processes to enhance systems and data quality in line with the cross-cutting alignment of the EIB Group's IT landscape. Going forward, the responsibilities of the first and second lines of defence within the EIB Group will continue to be gradually transferred in line with the agreed framework, while the oversight by the second line of defence is intended to be further enhanced. In parallel, the EIB Group Compliance Functions are planning to strengthen the advisory role for the benefit of the first line of defence.

EIB Group Compliance Risk Assessment and Compliance Monitoring Programme: Based on the EIB Group Compliance Risk Assessment for 2023, compliance-related controls are identified and selected for the work plan for 2024 of the Compliance Monitoring Programme.

EIB Group alignment: The EIB Group Compliance Functions continue to participate in Group alignment across their activities and benefit from the related synergies with a common strategic view and Group oversight.

Compliance culture change: The EIB Group intends to continue the compliance culture change programme by further updating, where possible, the documentation and procedures related to ethics and integrity matters. There are also plans for further digitalisation with the gradual implementation of a specific IT application to manage relevant queries and clearances. Finally, in line with the three lines of defence model, teams intend to strengthen their oversight as well advisory capacities.

Best banking and market practices: In 2024, the newly created EIF BMP Compliance Monitoring and Reporting unit will remain committed towards executing the approved best market practice implementation roadmap in cooperation with General Secretariat Department and Audit and Institutional policy division. The main priorities relate to supporting the development of the new EIB Group Compliance Monitoring and Reporting Framework and further align the best banking practice and best market practice frameworks in terms of tracking of regulatory developments and performing applicability assessments on a consolidated and standalone basis. The EU AML Package, expected to be adopted in 2024, requires a review, assessment and implementation in accordance with the Best Banking Practice Guiding Principles.

Human Rights governance in an environmental, social and governance context: In 2024, the EIB Compliance Function is planning to establish a compliance programme that includes an assessment of human rights risks holistically rather than at an individual operational level. Going forward, the key task is the creation of meaningful and relevant indicators that allow for the identification of risks across geographies, products and sectors to assess the effectiveness of established measures to manage human rights risks. These indicators allow for the identification of patterns which may steer a tactical or strategic response from the EIB Group to address and proactively manage emerging issues. Assessing the effectiveness of human rights control framework is a core component of the proposed directive on corporate sustainability due diligence.

9 Appendix

9.1 Appendix I — Glossary

In this document:

Bank means European Investment Bank (EIB)

Best banking practice (BBP) means best banking practice rules as referred to in the [EIB Best Banking Practice Guiding Principles](#).

Compliance risk means the risk of legal or regulatory sanctions, financial loss, or loss to reputation a member of the EIB Group may suffer because of its failure to comply with all applicable laws, regulations, staff codes of conduct and standards of good practice.

Compliance Risk Assessment (CRA) means a process to systematically identify and validate compliance risks and related existing control measures, aimed at, among other things, supporting a risk-based approach in the annual Compliance Monitoring Programme and to help manage these risks in accordance with the Bank's risk appetite.

EIB Group means European Investment Bank (EIB) and European Investment Fund (EIF).

EIB Group Compliance Functions means EIB and EIF Compliance Functions.

EIB Compliance Function means the independent control function, led by the Group Chief Compliance Officer (GCCO). The Office of the Group Chief Compliance Officer (GR&C-OCCO) is part of the Group Risk and Compliance Function of the EIB. The Group Chief Compliance Officer operates under the Group Chief Risk Officer (GCRO), having direct access to the EIB President, the Management Committee, the Audit Committee, and the Ethics and Compliance Committee as well as access to the Board Working Group on Tax and Compliance Matters.

EIF Compliance Function means the Compliance Function at the EIF individual entity level, headed by the EIF Chief Compliance Officer, under the EIF Chief Risk Officer, and has direct access to the EIF Chief Executive and Deputy Chief Executive and to the statutory bodies of the EIF.

Internal control framework means the set of operating principles designed to help document and assess how effective and efficient its control environment is in the management and mitigation of identified risk exposure, so that they operate within the limits of its risk appetite.

GCCO means Group Chief Compliance Officer as defined in the Group Risk Management Charter Implementing Provisions.

Group entity means either the EIB or the EIF.

Residual risk means the level of remaining compliance risk, taking into account the existence and effectiveness of related risk control measures.

Risk appetite means the level of risk that the Bank it is willing and able to incur in pursuing its activities in the context of its public mission and objectives and in compliance with EIB's governing texts in line with the risk appetite framework.

9.2 Appendix II — Acronyms

AML/CFT	Anti-Money Laundering and Countering the Financing of Terrorism
BBP	Best banking practice
CMP	Compliance Monitoring Programme
CRA	Compliance Risk Assessment
DPO	Data Protection Officer
EBA	European Banking Authority
EIB	European Investment Bank
EIF	European Investment Fund
EU	European Union
FATF	Financial Action Task Force
GCCO	Group Chief Compliance Officer
GCRO	Group Chief Risk Officer
GCCO	Group Chief Compliance Officer
GR&C-OCCO	Office of the Group Chief Compliance Officer
MiFID	Markets in Financial Instruments Directive
ML/TF	Money laundering and terrorist financing
NCJ	Non-cooperative jurisdiction
NFR	Non-financial risk
SSM	Single Supervisory Mechanism

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