

Ethics and Compliance Committee

2023 Annual Report



European
Investment Bank

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Mission

The Ethics and Compliance Committee **rules and makes decisions** on any conflict of interest of any member and former member¹ of the Board of Directors or the Management Committee. The committee provides **opinions** on any conflict of interest of a member or an observer of the Audit Committee.

The committee may also provide **opinions on ethical matters** concerning members of the Board of Directors or the Management Committee, in accordance with the applicable provisions of the respective Codes of Conduct.

The committee's operating rules stipulate that its decisions and opinions are periodically communicated to the Board of Directors and the Board of Governors in an annual report. This report will also be made available on the EIB website.

Composition

The Ethics and Compliance Committee is composed of the **four longest-serving directors** of the Board of Directors and the **chair of the Audit Committee**. Its composition as of 31 December 2023² was as follows:

- Mr Arsène Jacoby, chair, board member since January 2013
- Ms Kristina Sarjo, member, board member since May 2013
- Ms Julie Sonne³, member, board member since January 2016
- Mr Armands Eberhards⁴, board member since July 2014
- Mr Christoph Haas⁵, chair of the Audit Committee

The committee's chair is assumed on a rotating basis. Every three years, the chair is replaced by the next committee member in order of seniority. The outgoing chairperson remains a member of the committee. Mr Arsène Jacoby was appointed as the chair as of 1 August 2021.

Activity report for 2023

The Codes of Conduct of the Management Committee, the Board of Directors and the Audit Committee are designed, among other considerations, to prevent potential conflicts of interest. To strengthen this principle further, during the cooling-off period, certain activities⁶ undertaken by former members of the Management Committee or Board of Directors might, depending on their specific nature, require assessment and prior approval from the Ethics and Compliance Committee.

In 2023, the committee met seven times and provided six decisions and eight opinions. One of these opinions was adopted by written procedure.⁷

¹ With regard to their cooling-off period.

² The changes in the Ethics and Compliance Committee composition stem from the Board of Directors' renewal that took place in June 2023.

³ Her term as a member of the Ethics and Compliance Committee started on 26 June 2023, succeeding Mr Konstantin Andreopoulos.

⁴ His term as a member of the Ethics and Compliance Committee started on 11 September 2023, succeeding Mr Kyriacos Kakouris.

⁵ His term as a member of the Ethics and Compliance Committee started on 17 May 2023, replacing Mr Christos G. Triantopoulos, as part of the annual rotation of the chair of the Audit Committee.

⁶ As stipulated in Article 6 of the Management Committee and Board of Directors Codes of Conduct.

⁷ In line with Article 7.5 of the committee's operating rules.

The below table provides a breakdown of the Ethics and Compliance Committee’s activities since 2018:

Year		2018	2019	2020	2021	2022	2023
Number of meetings		5	5	7	12	7	7
Number of decisions and opinions		7	8	9	11	9	14 ⁸
concerning a current member of the	Management Committee	3	4	1	3	2	2
	Board of Directors	2	1		4	4	4
	Audit Committee	1	1		2		5
concerning a former member of the	Management Committee	1	2	3	1		
	Board of Directors					3	
	Audit Committee	N/A	N/A	N/A	N/A	N/A	N/A
Decisions on other matters							1
Opinions on other matters							2

Management Committee

In accordance with the Management Committee’s Code of Conduct, certain activities⁹ that are not connected to the Bank’s work also require assessment and prior approval from the Ethics and Compliance Committee during a member’s mandate.

In 2023, the committee issued two non-objection decisions in response to requests seeking guidance and ruling concerning **members of the EIB Management Committee**.

- One non-objection decision¹⁰ concerned a request from a Management Committee member for the Ethics and Compliance Committee’s ruling on the external appointment as a governor of a central bank in an EU Member State.
- Another non-objection decision concerned a personal invitation received by a member of the Management Committee to join the steering committee of a non-profit cultural association in an EU Member State.

These non-objection decisions, carefully deliberated upon, were subject to certain caveats to mitigate potential conflicts of interest during and after the EIB mandate.

There were no requests for assessment received from any former Management Committee member during their cooling-off period.

Board of Directors

In principle, members of the EIB Board of Directors are free to pursue their professional development during their mandate at the Bank without prior approval from the Ethics and Compliance Committee. This is without prejudice to the requirement to seek the committee’s approval before committing to any activity which may give rise to a conflict of interest vis-à-vis their duties and responsibilities as board members.

⁸ One of these opinions was adopted by written procedure.

⁹ See article 5.9 of the EIB Management Committee Code of Conduct.

¹⁰ Subject to the immediate resignation from the position of member of the EIB Management Committee.

In 2023, the Ethics and Compliance Committee issued a total of four decisions concerning **members of the Board of Directors**.

- One non-objection decision concerned the external appointment of an alternate member of the Board of Directors as the president of the investment board of the Recovery Resilience Fund (RRF) Loans Facility and the governor of the RRF Agency in an EU Member State.
- Another two non-objection decisions were issued in relation to the roles of full and the alternate members of the Board of Directors as the chairman and CEO, and deputy CEO, respectively, of a development bank in their own EU Member State.

The aforementioned decisions taken by the committee were subject to specific terms and conditions, such as abstaining from any business relations with the EIB Group and from lobbying EIB Group Governing Bodies and staff, where relevant.

- The committee also ruled on the incompatibility of the appointment of a member of the Board of Directors as state secretary of the chancellery of the prime minister in their own EU Member State, as this function was quite comparable to an executive function within a government authority.

The decisions were taken by the committee after a comprehensive analysis of the context and the potential conflict of interest relating to each request. Due consideration was given to the information received, the extent of responsibilities of the individual concerned, and any applicable legal provisions.

No requests for assessment were received from any former board member during their cooling-off period.

Audit Committee

Five opinions were provided by the Ethics and Compliance Committee regarding **members of the EIB Audit Committee** in 2023.

- Two opinions were given in regard to the external appointments of a member of the Audit Committee as non-executive board member in private companies.
- Another three opinions were issued with reference to the potential conflict of interest concerning a member of the Audit Committee and a services provider of the Bank.

In line with the Bank's legal provisions, the opinions of the Ethics and Compliance Committee were communicated to the Audit Committee for their final and binding decision.

Other Matters

The committee has assessed situations where members of the governing bodies took positions on staff remuneration issues to ensure that these positions did not contradict their mandatory independence. Regarding the situations examined, the Ethics and Compliance Committee concluded that there was no breach of independence by the members in question.

- The committee assessed potential conflicts of interest situations when members of the Board Committee on Staff Remuneration and Budget and of Board of Directors were involved in staff-related matters decisions and decided on a number of preventive measures to be implemented by the Bank.
- The committee provided an opinion to the EIB Secretary General on the compatibility of roles for members of the Board of Directors and the members of the ACP Trust Fund, considering that in this role, members represent national interests and act in the interests of the EU Member State as a donor.

Considerations by the Ethics and Compliance Committee in 2023

- In 2023, the [European Ombudsman](#) closed two inquiries¹¹ with suggestions for improvement. The EIB has proactively taken measures to strengthen the ethics rules applicable to prospective employment and activities pertaining to the members of the Management Committee during the cooling-off period. The Ombudsman has duly acknowledged these efforts.
- As part of these efforts, the members and former members (subject to cooling-off period) of the Board of Directors and the Management Committee, respectively, were reminded about their obligations arising from or in connection with their respective Code of Conduct and the operating rules of the Ethics and Compliance Committee, by virtue of written communication and letters dispatched by the chair of the Ethics and Compliance Committee.

The Ethics and Compliance Committee was regularly updated on any developments regarding the aforementioned Ombudsman inquiries.

- In accordance with the Code of Conduct of the Board of Directors, the members of the Board of Directors may disclose information which is classified as non-public as per the EIB classification of information, received in the exercise of their duties or generated by them, whether directly or indirectly, to national parliaments, authorities and officials, on a strict need-to-know basis, to address public policy-related questions, provided that the Bank is duly and timely informed about disclosure.¹² The Bank received notification in this respect on two occasions in 2023.
- The members of the Board of Directors are also required to declare any situation liable to give rise to a conflict of interest with regard to a decision to be taken by the Board of Directors.¹³ In 2023, there were 13 instances in which a board member declared a conflict of interest regarding an agenda item being discussed during a meeting of the Board of Directors. No declarations were received from any board member concerning decisions adopted by written procedure.
- To align the contents of the declarations of interest for board members, provisions for which are set out in article 2.7 of the Code of Conduct of the Board of Directors, in May 2023 the Ethics and Compliance Committee discussed a draft proposal to review the current declaration of interest. The Ethics and Compliance Committee raised no objection in relation to its contents. The Board of Directors discussed the related proposal in December 2023 and raised objections.¹⁴
- The Ethics and Compliance Committee welcomed the initiative of the tailored training session on conflict of interest and ethics matters provided to the members of the Board of Directors in October 2023. During this training session, the audience received information on the key elements of the definition and types of conflicts of interest, in accordance with the Code of Conduct for the Board of Directors; the best practices for identifying, managing and mitigating conflicts of interest; and several case studies illustrating real-life scenarios and challenges identified in other internal or international contexts and organisations.
- The Ethics and Compliance Committee was regularly informed about the follow-up of decisions or opinions as part of the monitoring process. It was also informed about the upcoming establishment of the Interinstitutional Body for Ethical Standards.

¹¹ These inquiries concerned the manner in which the EIB had handled the move of a former EIB vice-president and chairman of the EIF board to become the CEO of the national promotional bank of Italy, as well as a former vice-president's post-employment application to join an energy utility company that had received EIB loans.

¹² See article 2.3. on confidentiality in the Code of Conduct of the Board of Directors.

¹³ See article 2.6 on conflicts of interest in the Code of Conduct of the Board of Directors.

¹⁴ The minutes of the Board of Directors meeting held on 13 December 2023 can be found [here](#).

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