

# European Investment Bank Group Corporate Governance Report for 2023



European  
Investment Bank | Group



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## **European Investment Bank Group Corporate Governance Report for 2023**

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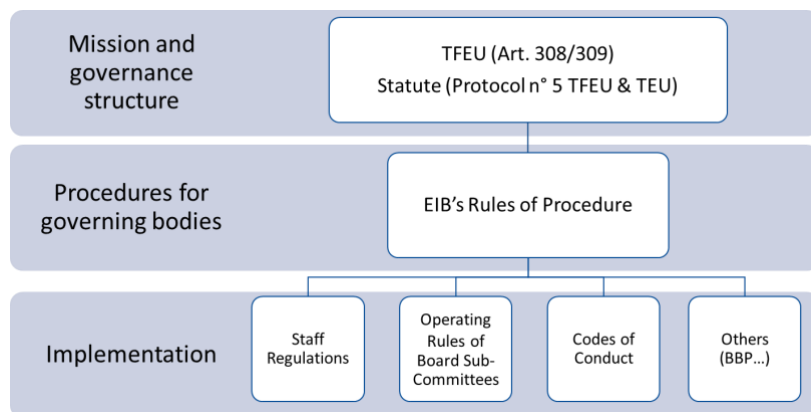
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# Scope of this report

The EIB Group consists of the European Investment Bank (EIB) and the European Investment Fund (EIF). To avoid duplication of information, this report focuses on and summarises the most significant corporate governance developments within the EIB Group in 2023 and makes reference to other annual EIB and EIF reports, the Statute of the European Investment Bank and Statutes of the EIF, the full texts of which can be consulted at [www.eib.org](http://www.eib.org) and [www.eif.org](http://www.eif.org).

## 1 EIB legal framework



Established in 1958 under the Treaty of Rome, the EIB enjoys full legal personality within the European Union and has sole legal responsibility for its own debt.

The governance of the European Investment Bank (“EIB” or “the Bank”) is determined by the [EIB Statute](#), which is annexed as a Protocol (No 5) to the Treaty on the European Union (TEU) and the Treaty on the Functioning of the European Union (TFEU).

In accordance with Article 51 of the TEU, the EIB Statute forms an integral part of both the TFEU and the TEU (“the Treaties”). Having the same legal force as the Treaties, the EIB Statute has primacy over the national laws of European Union members.

The EIB Statute was modified in December 2009, after the Treaty of Lisbon entered into force, and the Statute was last amended in 2013 to reflect changes in the EIB shareholder structure, following the 2012 paid-in capital increase and Croatia’s accession in 2013. Further amendments to the Statute were made in 2019, as part of the Bank’s preparations for the United Kingdom’s departure from the European Union.

The [EIB’s Rules of Procedure](#), adopted by the Board of Governors, the EIB’s highest governing body, set out provisions that apply to the EIB’s governing bodies.

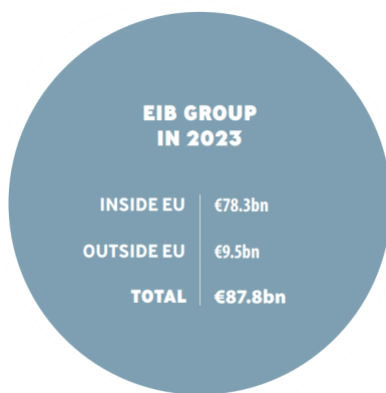
## 2 EIB mission

The EIB performs its functions and carries out its activities in accordance with the provisions of the Treaties and of its Statute. The task of the EIB, as set out in Article 309 of the TFEU, is “to contribute, by having recourse to the capital market and utilising its own resources, to the balanced and steady development of the internal market in the interest of the Union.”

In implementing this task, the EIB promotes the funding of sound projects, in all sectors of the economy, that:

- seek to develop less-developed regions;
- seek to modernise economies or to develop new activities that cannot be completely financed by individual Member States; and
- are of common interest to several Member States.

The TFEU also contains further provisions regarding the EIB’s tasks. In particular, Article 175 of the TFEU provides that the “EIB shall contribute to the promotion of economic, social and territorial cohesion in the Union” and Article 209 of the TFEU provides that the “EIB shall support the implementation of measures outside the EU which support the development cooperation policy of the Union.” The role of the EIB is also referenced in the Protocol (No 28) on Economic, Social and Territorial Cohesion, annexed to the Treaties.

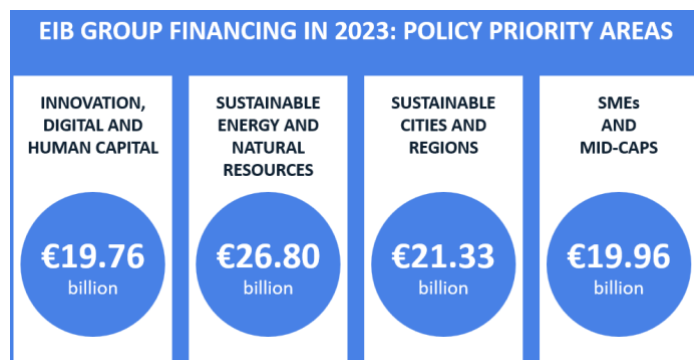


The EIB is the European Union’s bank, and as such provides finance and expertise for economically, technically, financially and environmentally sound investment projects in Europe and beyond, which contribute to EU policy objectives and priorities.

In the pursuit of its objectives, the EIB is financially autonomous and raises the bulk of its lending resources on the international capital markets through bond issues.

The EIB differs considerably from commercial banks in that its activity is driven by public policy objectives. The EIB is a not-for-profit institution that applies sound managerial practices as required by its triple-A credit rating status. The Bank has a countercyclical role, which requires it to step up its activities to stem economic downturns. As such, the Bank does not have a specific target for return on equity, but rather aims to generate income that enables it to meet its obligations, to cover its expenses and risks and to build up a reserve fund.

For that purpose, the EIB aims for operational excellence and cost efficiency.





## 3 EIB Group updates in 2023

### 3.1 Europe's climate bank

The European Union is at the forefront of the global fight against climate change and environmental degradation, with the EIB as one of the world's main financiers of climate action and environmental sustainability.<sup>1</sup>

The European Union aims to make the European economy sustainable and inclusive with the [European Green Deal](#). The EIB Group is an important partner in this new growth strategy, while playing a leading role in the implementation of the [Paris Agreement](#)<sup>2</sup> and the [Sustainable Development Goals](#).

In July 2023, the EIB increased the financing targets of the EIB Group's support for REPowerEU by 50% to €45 billion over the next five years. At the same time, in response to the European Commission's Green Deal Industrial Plan, the EIB expanded its eligibilities to facilitate its financial support for manufacturing state-of-the-art strategic net zero technologies. This additional financing is expected to mobilise over €150 billion in new green investments, helping Europe cut its carbon emissions.

In this respect, the EIB Group's climate ambition is guided by the [EIB Group Climate Bank Roadmap 2021-2025](#), which sets out in detail the Bank's commitment to the objectives of the European Green Deal: to help Europe become the first carbon-neutral continent by 2050<sup>3</sup> and to contribute to the achievement of the [UN Sustainable Development Goals](#).

In May 2023, the EIB Board approved the [mid-term review of the EIB Energy Lending Policy](#). This review confirms that the objectives of the policy remain valid in the context of the current energy crisis.

In this context, mention should also be made of the [EIB's first dedicated Adaptation Plan](#), which supports the EU Adaptation Strategy to build resilience to climate change. Approved by the Board of Directors on 13 October 2021, it is designed to strengthen investment and technical support to protect projects from the impact of more extreme weather and increase the climate resilience of existing and new infrastructure.

In addition, the EIB aims to mobilise €1 trillion of investment in climate action and environmental sustainability by 2030.

#### [Climate and Environment Advisory Council](#)

The Climate and Environment Advisory Council provides the Management Committee and the EIF Chief Executive with independent non-binding advice and expertise on the activities that the EIB Group is carrying out to reach its climate action and environmental sustainability targets.

In 2023, the Advisory Council met twice, on 24 April and 16 October. The Advisory Council is comprised of ten members and a chair, President of the European Central Bank (ECB) Christine Lagarde.

### 3.2 EIB Global

[EIB Global](#) is dedicated to furthering EU development impact and cooperation around the globe, including for communities where life is hardest; supporting women's equitable access to services and finance; supporting peace, security and sustainable living; climate action and economic resilience using innovative financial instruments.

EIB Global brings all the resources of the EIB to bear on its operations outside the European Union, with a structure designed to foster strong, focused partnership as Team Europe.<sup>4</sup>

<sup>1</sup> [EIB's climate and environmental sustainability financing](#): In 2023, the share of EIB financing that went to climate action and environmental sustainability projects rose to €44.3 billion.

<sup>2</sup> In supporting Paris-aligned operations, in particular in the energy sector, alignment is secured through the adoption of the [EIB energy lending policy](#), under which the EIB has committed to allocate at least 50% of its finance to climate action and environmental sustainability by 2025.

<sup>3</sup> [Making the EU climate-neutral by 2050](#)

<sup>4</sup> Team Europe consists of the European Union, the EU Member States, including their implementing agencies and public development banks, the EIB and the European Bank for Reconstruction and Development (EBRD). For further information: [WBT Team Europe | Capacity4dev](#)

As part of Team Europe, EIB Global also supports the Global Gateway Initiative,<sup>5</sup> a new European strategy to invest in sustainable, high-quality projects around the world, under which EIB Global is tackling some of today's most pressing challenges, from fighting climate change to accelerating the digital transition.

#### [Board Advisory Group on EIB's Global Operations](#)

The Board Advisory Group gives non-binding opinions and non-binding advice to the EIB Board of Directors on decisions to be adopted in relation to activities outside the European Union. It also advises the Board of Directors on strategies, reporting and evaluation, business plans and policies dedicated to EIB Global.

The group comprises one member and one alternate from each EU Member State, one member and one alternate from the European External Action Service, as well as two members and two alternates from the European Commission. In 2023, the Advisory Group met eight times to provide non-binding opinion and non-binding advice to the Board of Directors on out-of-EU matters. As an independent group of experts in areas such as external action, development, finance and banking, the role played by the Advisory Group has proven to be very relevant to reinforcing EIB Global's decision-making process, therefore strengthening EIB's development impact. In terms of composition of the group, it is worthwhile to note that out of 56 appointed members and alternates, 30 are female.

### 3.2.1 The EIB stands with Ukraine<sup>6</sup>

The EIB has provided around [€2 billion](#) in disbursements since the start of the invasion of Ukraine by Russia in February 2022. These funds are intended for rebuilding or repairing infrastructure damaged or destroyed by Russian attacks.<sup>7</sup> This makes the EIB one of the largest multilateral lenders in the country.

Part of the Ukraine initiative, the EU for Ukraine Fund (EU4U) was established in 2023 to accelerate the EIB's support for Ukraine's most urgent infrastructure needs and help sustain its economy. The fund facilitates the deployment of both public and private sector projects for the reconstruction of critical municipal infrastructure and improves access to finance for entrepreneurs.

Access to funding required to address the humanitarian crisis was also facilitated by the [EMBRACE Advisory Platform](#), which is an initiative that complements the Solidarity package developed by the European Investment Bank for EU Member States in response to the conflict in Ukraine. EMBRACE aims to help EU Member States to better address the needs of Ukrainian refugees and host communities. Through EMBRACE, EU Member States can receive advisory assistance to rapidly deploy investment projects, financial instruments and platforms to support their communities in the short, medium and long term.

## 3.3 Trust funds

The EIB currently manages a total of 11 trust funds<sup>8</sup> on behalf of its donors. The trust funds are agreements through which EU Member States (donors) transfer financial contributions to the Bank in support of third parties, such as public sector counterparts or private sector entities, including financial intermediaries, in the implementation of sustainable projects. Available resources under the trust funds are used to provide grants, technical assistance and other financial instruments across different geographies and sectors.

#### Governance

The majority of the trust funds fall under the Partnership Platform for Funds framework, through which the Bank streamlines and standardises procedures, for instance in relation to governance, fee calculation and reporting.

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<sup>5</sup> EIB Global is well on track to facilitate at least a third of the €300 billion of investment that the Global Gateway aims to mobilise by 2027. This will help support projects that are focused on digitalisation, tackling climate change, clean energy, healthcare, education and transport.

<sup>6</sup> Following a [decision by the European Council on 23 June 2022](#), Ukraine has been granted the status of candidate country for EU membership, prompting an even closer partnership with the EU bank.

<sup>7</sup> All EIB activities are undertaken in cooperation with the European Union and international partners, both bilateral and multilateral, to ensure they complement each other and are an effective use of the resources entrusted to the Bank.

<sup>8</sup> The 11 trust funds that the Bank currently manages are: the EU for Ukraine Trust Fund, the City Climate Finance Gap Fund, the Economic Resilience Initiative Fund, the Financial Inclusion Fund, the Green Hydrogen Fund, the International Climate Initiative Fund, the Luxembourg-EIB Climate Finance Platform, the Water Sector Fund, Facility for Euro-Mediterranean Investment and Partnership Trust Fund, the Eastern Partnership Technical Assistance Trust Fund and the EU-Africa Infrastructure Trust Fund.

For each fund, a Contributors' Committee is set up. A donor to a fund designates a member and an alternate member to represent the contributing Member State in the Contributors' Committee. Depending on the fund, the European Commission can be a contributor in some trust funds or has been given an observer seat.

The Contributors' Committee oversees the activities under the respective fund and is responsible for approving the allocation of funds to a specific operation.

### 3.4 New policies adopted in 2023

During 2023, the EIB's Board of Directors approved,<sup>9</sup> among others,<sup>10</sup> the following policies:

- EIB Group Internal Control Framework (ICF) Policy
- Application of the Foundation Internal Rating Based approach to regulatory capital
- Update and Review of the Best Banking Practice (BBP) Book
- EIB Global's Approach to a Just Transition and Just Resilience
- Group RAF Policy and 2023 Risk Appetite Statement
- EIB Global Strategic Roadmap
- Decision Laying Down Internal Rules Concerning the Processing of Personal Data by the Human Resources Directorate of the European Investment Bank in relation to the Provision of Information to Data Subjects and the Restriction of Certain of their Rights
- EIB Group Operational Plan 2024-2026
- EIB Group Risk Management Disclosure Report

At the EIB, formal public consultations<sup>11</sup> are organised on relevant key corporate and sectoral policies, which are typically of interest to wider stakeholder communities. In 2023, no policies were subject to formal public consultation.

## 4 EIB capital and shareholding structure

### 4.1 The Bank's shareholders

The 27 Member States of the European Union are the EIB's shareholders.

### 4.2 The Bank's capital structure<sup>12</sup>

As of 31 December 2023, the aggregate subscribed capital of the EIB amounted to €248.8 billion. Its distribution among the Member States is set by Article 4(1) of the EIB Statute.

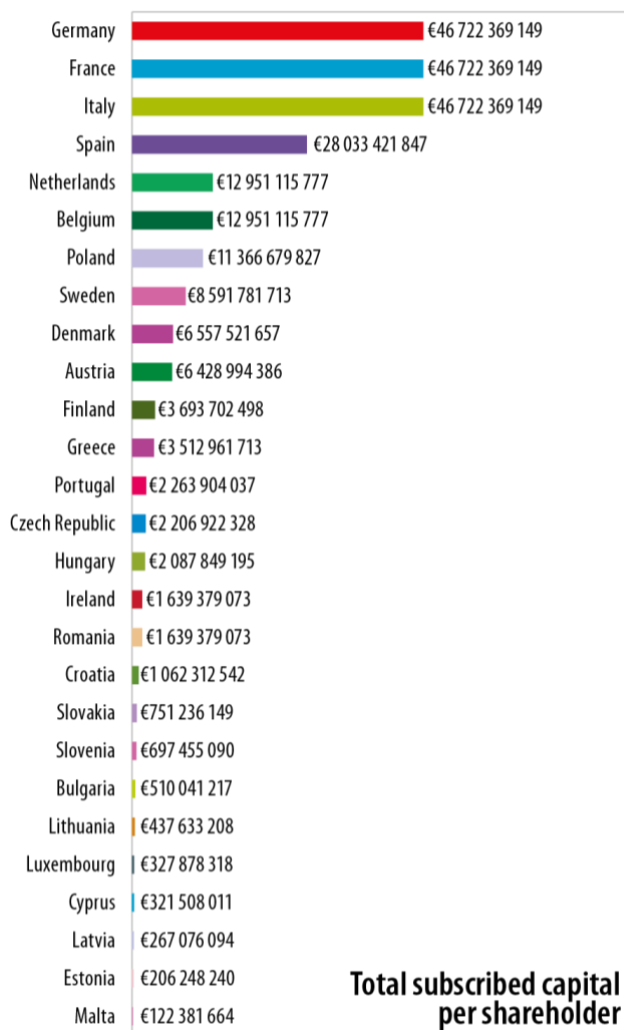
In addition, the EIB has subscribed unpaid capital, or callable capital, which amounted to €226.6 billion at the end of 2023. Callable capital (or not paid-up capital) is effectively a guarantee and can be requested by the EIB in certain circumstances. Callable capital represents a contingent liability for Member States. The EIB's Member States have a legal obligation to pay their share of the callable capital, if necessary, for the Bank to meet its

<sup>9</sup> As a general rule, policies to be applied at Group level are adopted in parallel by the relevant governing bodies of the EIB and the EIF.

<sup>10</sup> The following frameworks were also approved by the Board of Directors during 2023: Revised remuneration framework for staff in external offices, EIB Group Solvency Stress Testing Framework, Implementation of the New Lending Delegation Framework: New rules for changes to operation after Board approval, Response to the CAF Review: Delegating Gearing Ratio to the Board via the Risk Appetite Framework, Review of HR Framework for Local Agents.

<sup>11</sup> More information on public consultations can be found here: [Public consultations](#)

<sup>12</sup> For more details on EIB capitalisation, see the section on the EIB's healthy financial performance in the [Statutory Financial Statements](#) on the [EIB's website](#)



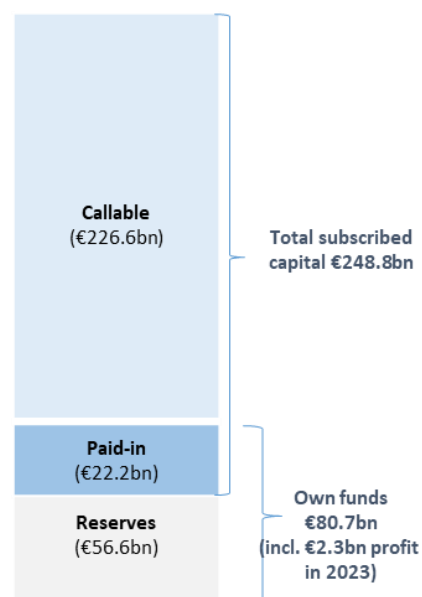
EIB capital increases occur automatically with the accession of new Member States but can also be decided in other circumstances to enhance or maintain the level of EIB activities. Capital increases can be symmetrical (the relative proportions between existing Member States in the total subscribed capital is preserved) or asymmetrical (certain Member States increase their proportion relative to other Member States by subscribing to disproportionately more new capital<sup>13</sup>). Furthermore, capital increases can be financed by Member States (capital paid by Member States) or by the Bank (capital paid from the EIB's reserves).

obligations. The EIB's Board of Directors may require payment of the balance of the subscribed capital, to such extent as may be required for the Bank to meet its obligations.

Called-up capital is part of the EIB's own funds (or equity) and was subscribed and paid in by the Member States when the EIB was founded, through the accession of different members, or through capital increases. Total paid-in capital amounted to €22.2 billion at the end of 2023. The amount of subscribed capital to be paid in by Member States on average is currently fixed at 8.92% (as set out in Article 5(1) of the EIB Statute).

Reserves, which are also part of the Bank's own funds, are separate from paid-in capital in that they are built up gradually from the Bank's retained earnings. Total reserves amounted to €56.2 billion at the end of 2023.

In accordance with Article 4(3) of the EIB Statute, the Board of Governors may unanimously decide to increase the Bank's subscribed capital. In the event of a capital increase, the Board of Governors fixes the percentage of the capital to be paid up and arranges for payment.



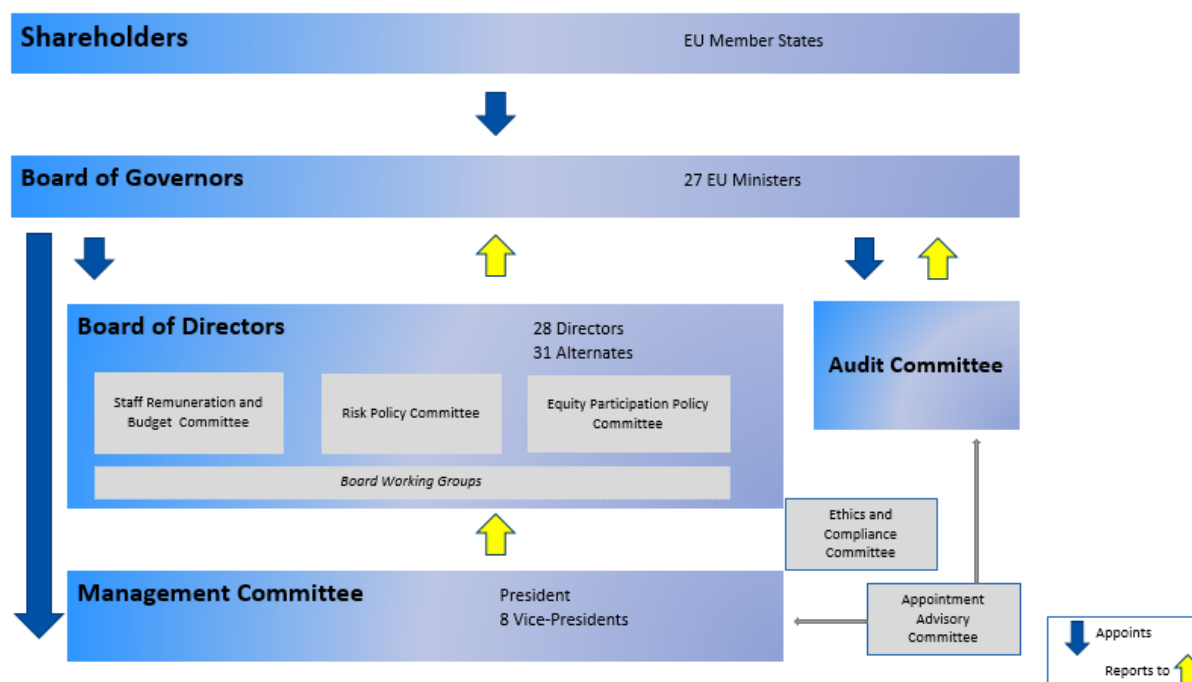
<sup>13</sup> In addition, in the event of accession or an increase in the percentage share in the capital, Member States contribute to pre-existing reserves and provisions in accordance with the principle that new Member States must participate pro rata in all of the assets, rights and obligations of the Bank.

### 4.3 EIB statutory bodies

Under its Statute, EIB governance relies on three decision-making bodies:

- (i) **Board of Governors**, made up of ministers designated by the Member States;
- (ii) **Board of Directors**, composed of members appointed by the Board of Governors (following nomination by the Member States and the European Commission); and
- (iii) **Management Committee**, the executive management board of the EIB, whose members are appointed by the Board of Governors based on proposals from the Board of Directors.

Together with the Bank's independent **Audit Committee**, the three bodies make up the **statutory bodies of the EIB**, whose respective members<sup>14</sup> are appointed by the Board of Governors. The bodies' members attend the annual meeting of the Board of Governors.<sup>15</sup>



### 4.4 The Board of Governors

The **Board of Governors** is EIB's highest governing body and comprises ministers designated by each of the 27 Member States. The Board of Governors' main competences are to lay down general directives for the EIB's credit policy (in accordance with EU objectives), to approve the annual report, the annual balance sheet and the profit and loss account, to decide on the Bank's participation in financing operations outside the European Union, and to approve capital increases. The Board of Governors appoints the members of the Board of Directors<sup>16</sup> and the Management Committee, as well as the members of the Audit Committee and the Appointment Advisory Committee.

The Board of Governors holds an annual meeting to examine the annual report and to determine the general direction for the EIB. The last annual meeting was held on 16 June 2023.<sup>17</sup> Extraordinary general meetings may be convened by the Chair of the Board of Governors or at the request of one of its members. Decisions can also be taken via written procedure throughout the year.<sup>18</sup> In principle, decisions by the Board of Governors must be supported by a majority of its members representing at least 50% of the subscribed capital. The turnover of members of the Board of Governors during 2023 was 48.15%.<sup>19</sup>

<sup>14</sup> A list of all the members of the EIB governing bodies and their curricula vitae is published on the Bank's website.

<sup>15</sup> The provisions applying to the functioning of the EIB's statutory bodies are set out in the Bank's [Statute](#) and [Rules of Procedure](#).

<sup>16</sup> The Board of Directors may co-opt non-voting experts in order to broaden its professional expertise.

<sup>17</sup> In line with its transparency policy, the EIB published the [agenda](#) of the meeting and the [summary](#) of the decisions taken on its website.

<sup>18</sup> A total of 16 decisions were taken by the Board of Governors by written procedure during 2023.

<sup>19</sup> During 2023, the Slovakian Governor changed three times, while the Polish Governors changed twice.

The office of chair is held by each member of the Board of Governors in rotation according to the [order of protocol of the Member States](#) established by the Council of the European Union.

The Board of Governors is a non-remunerated governing body, and it sets the compensation of the Board of Directors, the Management Committee and the Audit Committee.<sup>20</sup>

## 4.5 The Board of Directors

The EIB's **Board of Directors** is not a resident board and consists of 28 directors (one director nominated by each Member State and one by the European Commission) and 31 alternate directors.<sup>21</sup> They are chosen from people whose independence and competence are beyond doubt<sup>22</sup> and are appointed by the Board of Governors for a collective five-year mandate.<sup>23</sup> The Board of Directors also includes three non-voting experts as well as three alternate experts.<sup>24</sup> Members of the Board of Directors are responsible only to the Bank. However, many members of the board occupy senior positions in national ministries or public institutions that usually bear some connection with EIB activities inside or outside Europe.

In March 2023, in the context of the renewal of the Board of Directors, the Governors were invited to consider adding representatives with seasoned knowledge in financial and banking matters, closely connected to the Bank's needs, as well as considering diversity in terms of professional background, experience and expertise for these nominations to the Bank's governing bodies. Statistically, there is high homogeneity in the skill set of board members, with predominant experience being that of working in national public administration, while about 25% have relevant experience in the private and/or regulated financial sectors.

The Board of Directors was renewed on 16 June 2023, after which 61.54% of members were reappointed.<sup>25</sup> The annual turnover rate (considering changes that took place outside of board renewal) applicable to the Board of Directors for 2023 was 1.64%.<sup>26</sup>

The Board of Directors is charged with ensuring that the Bank is properly run and managed in accordance with the provisions of the Treaties, the EIB Statute and the general directives laid down by the Board of Governors. The Board of Directors is responsible for taking decisions for granting finance, particularly in the form of loans and guarantees, raising loans, fixing interest rates on loans granted, as well as commission and other charges. The Board of Directors also approves a global annual borrowing authorisation. Unless otherwise provided for in the Statute, decisions taken by the Board of Directors must be approved by at least one-third of voting members representing 50% of the subscribed capital.

Consistent with best banking practice, the following committees exist within the EIB Board of Directors: a **Risk Policy Committee**, an **Equity Participation Policy Committee** and a **Committee on Staff Remuneration and Budget**.

- The role of the [Risk Policy Committee](#) is to discuss and advise the Board of Directors on the Bank's risk policies, including those policies relevant for aspects of the EIB Group, by providing non-binding opinions and/or recommendations to the Board of Directors to facilitate the decision-making process of the board.
- The role of the [Equity Participation Policy Committee](#) is to discuss and advise the Board of Directors on the Bank's equity investment policy, including relevant aspects of the EIB Group, by providing non-binding opinions and/or recommendations to the Board of Directors to facilitate the decision-making process of the board.

<sup>20</sup> For more information on the remuneration of the members of the EIB Governing Bodies: [Remuneration of the members of the EIB Governing Bodies](#)

<sup>21</sup> Since a statutory change effective from 1 February 2020, each individual Member State and the European Commission nominate one alternate, with the exception of two alternates nominated by Germany, France and Italy.

<sup>22</sup> Article 9(2) of the EIB Statute.

<sup>23</sup> The mandate will expire in 2023, either at the end of the day of the annual meeting or on the day that the EIB's financial statements are approved for the previous year, whichever occurs later.

<sup>24</sup> To broaden its professional expertise, the Board of Directors has made use of the possibility of co-opting non-voting experts. The end of their mandate coincides with that of the entire Board of Directors.

<sup>25</sup> After 16 June, there have been two additional appointment procedures, relating to the board renewal. In addition to several full and alternate board members whose seats remained vacant after renewal, the positions of six board experts were not filled in the 2023 board renewal.

<sup>26</sup> The annual turnover rate applicable to the Board of Directors for 2023 was calculated by dividing the number of board members who resigned from their position during 2023 by the average number of board members in 2023, and then multiplying the result by 100.

- The role of the [Committee on Staff Remuneration and Budget](#) is to discuss (i) remuneration and pension review issues and (ii) operating expenses budget revisions, with a view to preparing the ground for board discussions on budget, staff remuneration and pensions. The committee is consultative and provides only opinions without prejudice to the decision-making process of the governance of the Bank and the respective powers of the Board of Directors and the Management Committee.

The powers and responsibilities of each committee are established in the applicable terms of reference, which are approved by the Board of Directors. The members of these committees are chosen from the directors and alternate directors of the Board of Directors. A list of board committee members is regularly updated and published on the Bank's website, together with the descriptions of the purpose of the committees.

There are also several working groups within the EIB Board of Directors: a Working Group on Governance, a Working Group on Lending Policy, Evaluation and Impact, a Working Group on Tax and Compliance Matters and a Working Group for Assessing Financing Proposals. These working groups are established by the Board of Directors, which also adopt their respective terms of reference. In 2023, the scope, mandate, mode of operation and organisation of the two board working groups<sup>27</sup> were reviewed to harmonise their operating framework with the Board of Director's delegation framework in place.

There is an annual induction programme in place for all new directors, as well as training in various issues of importance. During 2023, sessions on governance, project cycle, the Inspectorate General's activities, compliance in the EIB Group, HR issues in the EIB Group, EIB project appraisal and eligibility, risk management at the EIB, and conflicts of interest, were delivered to the board members. Thematic board seminars are also provided to all board members ahead of board meetings.

The Board of Directors met on nine occasions in 2023 (12 meetings in 2022). A register of board members' attendance is provided in Annexes 1 and 2.

## 4.6 The Management Committee

The **Management Committee** is the Bank's permanent collegiate executive body and consists of a president and eight vice-presidents, appointed for a period of six years by the Board of Governors based on proposals from the Board of Directors.<sup>28</sup> Before the appointment by the Board of Governors, an Appointment Advisory Committee<sup>29</sup> provides to the Member State presenting the candidate non-binding opinions on candidates' suitability to perform the duties of member of the Management Committee of the EIB. Management Committee appointments are renewable. The Management Committee is responsible for the current business of the Bank, under the authority of the President and the supervision of the Board of Directors. The Management Committee prepares the decisions of the Board of Directors and ensures that these decisions are implemented. The Management Committee acts by majority when providing opinions to the Board of Directors on proposals for raising loans or granting finance, particularly in the form of loans and guarantees.

EIB Vice-President Christian Kettel Thomsen left the Bank on 1 February 2023, leaving his seat on the Management Committee vacant. On 9 October 2023, Kyriacos Kakouris replaced Lilyana Pavlova as Vice-President and member of the Management Committee. Vice-President Ricardo Mourinho Félix left the Management Committee on 31 December 2023, to be replaced by a Management Committee member from Spain.

The mandate of President Werner Hoyer ended on 31 December 2023, and the Board of Governors appointed Nadia Calviño as EIB President as of 1 January 2024.

Members of the Management Committee meet as required by the business of the Bank.<sup>30</sup> In 2023, 41 meetings were held (equal to 41 in 2022).

<sup>27</sup> Working Group for Assessing Financing Proposals (WGAFP) and Board Advisory Group on EIB's Global Operations (AG).

<sup>28</sup> Information published on the EIB's website on the composition of its decision-making bodies includes a curriculum vitae (summary of professional qualifications and experience) of the members of the Board of Directors and the Management Committee.

<sup>29</sup> See section 6.6 Appointment Advisory Committee below.

<sup>30</sup> The Management Committee may delegate the adoption of management or administrative measures to the President or one or more Vice-Presidents, subject to the conditions laid down in the decision to delegate. The Management Committee may delegate the adoption of other measures jointly to the President and one or more Vice-Presidents, subject to the conditions laid down in the decision to delegate, if it is not possible, given the circumstances, to take a decision in the meeting.

## 4.7 The Audit Committee

The Bank's **Audit Committee** is an independent statutory body appointed by and accountable directly to the Board of Governors. The Audit Committee comprises six members appointed based on their qualifications with a non-renewable mandate of six consecutive financial years. A maximum of three observers can be appointed by the Board of Governors, also for a non-renewable mandate of six years.

The Audit Committee is established under European Investment Bank (EIB) Statute as a statutory body.

In accordance with the EIB Statute (Art.12) and Rules of Procedure (Art. 24), the Audit Committee has three main responsibilities:

- I. Confirmation that the financial statements, as well as any other financial information contained in the annual report approved by the Board of Directors give a true and fair view of the financial position of the Bank.
- II. Verification that the activities of the Bank are conducted in a proper manner, in particular with regard to risk management and monitoring.
- III. Verification that the activities of the Bank conform to best banking practice (BBP) applicable to it.

For the oversight of the external audit process, the Audit Committee designates the external auditors, and reviews and monitors their independence and the objectivity and effectiveness of the audit process. To that end, meetings are held with the external auditor without the Bank's management present to ensure that the audit is completely independent.

The EIB uses the EU Accounting Directives for its standalone statutory accounts and International Financial Reporting Standards as adopted by the European Union for its consolidated financial statements. Since 2009, a second set of consolidated financial statements is also produced under the EU Accounting Directives. The EIB also produces consolidated financial statements under the IFRS.

In 2019, the EIB Review and Evaluation Process (EIB REP) was set up as part of the decision of the Board of Governors to reinforce the oversight of the EIB Group and to add an additional role to the Audit Committee under the remit to verify compliance of the Bank with best banking practice. This process is based on the four pillars, known under a Supervisory Review and Evaluation Process (SREP): business model and sustainability, governance and risk management, risk to capital and risk to liquidity and funding.

In 2023, the Audit Committee met on 11 occasions. The attendance of its members at these meetings is detailed in Annex 3.

## 5 EIB best banking practice principles

According to Article 12 of the EIB Statute, the activities of the EIB must conform to best banking practice. The degree to which the EIB conforms to best banking practice is verified by the EIB's Audit Committee. The Rules of Procedure of the EIB refer to the adherence to best banking practice "applicable to it," implying that EU legislative acts and guidelines shall apply to EIB to reflect specific features, taking into account its nature, policy mission, specific tasks and governance culture.

The EIB best banking practice principles are based on the hierarchy of the relevant legal and regulatory rules included in the EU Treaties, EIB Statute and Rules of Procedure, EU banking regulations and directives and, as appropriate, further sources of best banking practice such as standards and guidelines issued by EU regulatory and supervisory bodies. The Audit Committee verifies the status of compliance with best banking practice. It then reports the outcome to the EIB's governing bodies annually.

The [EIB Best Banking Practice Guiding Principles](#) document is the main pillar of the EIB best banking practice framework. The document defines the overall principles and the general scope of EU banking rules and guidelines potentially applicable to the EIB under a "comply or explain" approach. It also sets forth assessment criteria aimed at identifying the relevant applicable rules, taking into account the specific characteristics of the EIB's statutory framework and policy mission, which might justify adaptations to those rules.



## 6 Specific features of the EIB governance framework

### 6.1 The EIB's role

The European Investment Bank has a dual role:

- As a financial institution, the EIB provides finance and expertise for economically, technically, financially and environmentally sound investment projects in Europe and beyond. The Bank ensures that its business is conducted in accordance with the rules and procedures laid down in the Statute and the Rules of Procedure, and in line with best banking practices applicable to it.
- As a European body serving EU policy, the EIB carries out its statutory role and the tasks assigned to it in a transparent manner, in accordance with the provisions that are applicable to it.

### 6.2 Governing structure

As explained above, under its Statute the EIB is governed by a three-tier structure: the Board of Governors, the Board of Directors and the Management Committee.

While the President of the EIB is also the Chair of the EIB Board of Directors, the EIB President does not have voting rights on the Board of Directors. The chair of both bodies serves the purpose of guaranteeing continuity in decision-making between the non-resident Board of Directors and the resident Management Committee.

A separation of power exists between the President of the EIB and the Chair of the Board of Governors, which is the highest governing body of the EIB. The Board of Governors appoints the members of the Board of Directors and the Management Committee, including the EIB President. The Board of Governors chairperson does not belong to either the Board of Directors or the Management Committee.

### 6.3 Remuneration scheme for members of the EIB statutory bodies

The EIB website publishes detailed information on the [remuneration and other benefits applicable to members of its decision-making and supervisory bodies](#) and to the [members of its staff](#).<sup>31</sup> Information is also provided on the remuneration of members of the Board of Directors and the Audit Committee (attendance fees), the rules for determining the bonuses awarded to senior management and the Bank's pension schemes.

The **Board of Governors** is a non-remunerated governing body and sets the compensation of the Board of Directors, the Management Committee and the Audit Committee.

The members (and alternates) of the Board of Directors do not receive remuneration from the Bank, but they do receive an attendance allowance of €600 for each meeting day of the board and of the board committees in which they participate. The attendance allowance amount has remained constant in nominal terms (no increase for inflation) since 2002. Some board members are civil servants and may be required by national rules to pay the attendance allowance received to their national administration. The members of the Board of Directors do not receive a bonus and are not paid for preparation times between board meetings or for written decisions.

The Bank reimburses the travel expenses of board members accrued during their attendance at EIB Board of Directors meetings, meetings of board committees or working groups and other events convened by the governing bodies of the Bank. When travelling, members of the Board of Directors have to use the most efficient and economical route possible. Private expenses must be strictly separated from expenses linked to the purposes

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<sup>31</sup> In particular, salary scales and performance awards applicable to staff members.

of fulfilling duties connected with EIB Board of Directors membership and should never result in an increase in the expenses incurred by the EIB.

A flat-rate subsistence allowance (currently €250) is credited to board members for each hotel night to attend board meetings or other events convened by the governing bodies of the Bank in Luxembourg.<sup>32</sup>

The remuneration of the **Management Committee** members is set by the Board of Governors. The emoluments of the members of the Management Committee (President and Vice-Presidents of the EIB) are aligned with those of the President and Vice-Presidents of the European Commission, respectively.

The Audit Committee members and observers are not remunerated by the Bank. For each meeting day in which they participate, members and observers of the Audit Committee receive an attendance allowance of €1 500, an amount that is set by the Board of Governors. In addition, the Bank pays a flat-rate subsistence allowance of €250 as a lump-sum reimbursement for hotel and related expenses incurred by individual Audit Committee members and reimburses their travel expenses.

## 6.4 Ethics and compliance

A specific code of conduct<sup>33</sup> applies, upon acceptance of their mandate, to:

- the members of the Board of Directors, to their alternates and to their non-voting alternate experts and, where specifically provided for, to the former members of the Board of Directors, to former alternates and to former non-voting experts;
- the members of the Management Committee and, where specifically provided for, to the former members of the Management Committee; and
- the members and to the observers of the Audit Committee.

These respective codes of conduct set out the rules for professional ethics and behaviour.

Pursuant to Article 11(4) of the Rules of Procedure<sup>34</sup> of the EIB, the Ethics and Compliance Committee rules and makes decisions on any conflict of interest of a member or former member of the Board of Directors or of the Management Committee. It also provides opinions on any ethical matter concerning a member or former member of the Board of Directors or of the Management Committee covered in their respective codes of conduct or in related relevant provisions.

The operating rules of the Ethics and Compliance Committee are adopted by the Board of Governors and were last reviewed in 2021. These rules also provide the possibility for the committee to provide opinions on any conflict of interest of a member or an observer of the Audit Committee.

Under its revised operating rules, the Ethics and Compliance Committee's role is extended to providing opinions on any conflict of interest of a member or an observer of the Audit Committee, following a request from the chairperson of the Board of Governors, the chairperson or any member or observer of the Audit Committee, or the Secretary General. In line with the Bank's diversity policy, the revised operating rules introduce the gender-neutral terms of chairperson and chairpersonship throughout the text. The role of the Ethics and Compliance Committee's chairperson is strengthened in the revised operating rules. To this end, the chairperson is responsible for ensuring that the committee's proceedings are impartial, efficient and respect procedural rights. As specified in the applicable codes of conduct, declarations are to be submitted to the chairperson for registration and record-keeping; the chairperson will also have a casting vote. Finally, the chairpersonship can be delegated to another member if the chairperson is absent. As regards the procedure before the Ethics and Compliance Committee, the due process and rights of defence are further enhanced.

The Ethics and Compliance Committee is composed of the four longest-serving directors, who have volunteered to participate in it, plus the Chair of the Audit Committee. Decisions of the committee are periodically communicated to the Board of Directors and to the Board of Governors in an annual report.

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<sup>32</sup> In June 2018, the Board of Governors decided to review the flat-rate subsistence allowance of the EIB Board of Directors and Audit Committee members, providing for an increase of the flat-rate subsistence allowance from €200 to €250 to cover hotel costs and other related expenses.

<sup>33</sup> These codes of conduct were last reviewed in 2021.

<sup>34</sup> The Rules of Procedure were last reviewed in 2021.

For meetings that are not held on days of meetings of the related statutory bodies, the committee members, who are not staff members, receive compensation and expense reimbursements on the same basis as members of the Board of Directors.

## 6.5 Appointment Advisory Committee

The mission of the [Appointment Advisory Committee](#), pursuant to Articles 23.a(2) and 27(8) of the [Rules of Procedure](#) of the EIB, is to give an opinion on candidates' suitability to perform the duties of a member of the EIB Management Committee or of a full member or an observer of the EIB Audit Committee before the Board of Governors makes the statutory appointment.

The committee comprises five members external to the Bank, appointed by the Board of Governors on the President's proposal, having independence and competence, as well as high integrity and reputation. The overall composition of the committee aims to reflect an adequately broad range of expertise as well as gender diversity. Members of the Appointment Advisory Committee are remunerated and compensated for their expenses on the same basis as members of the Board of Directors.

In July 2023, Edward Scicluna, the Governor of the Central Bank of Malta, was appointed as member of the Appointment Advisory Committee, completing the [composition](#) of this committee.

The [operating rules](#) of the Appointment Advisory Committee are adopted by the Board of Governors and were last reviewed in 2021.

## 7 EIB organisational structure

The EIB's services are structured as follows:<sup>35</sup>

- The [General Secretariat \(SG\)](#) is responsible for implementing and monitoring the decision-making process and the provision of secretariat services for all the Bank's governing bodies. It defines institutional strategy (including the Operational Plan), provides economic analysis on the employment and growth impact of EIB activities and potential new products, and coordinates and develops relations with EU institutions, international and development financing agencies and non-governmental organisations. It is also responsible for communications and corporate responsibility.
- The [Legal Directorate \(JU\)](#) advises on legal matters. It is responsible for (i) drafting and negotiating project-related legal documentation and, when requested, other contractual documentation; (ii) providing legal advice on the Bank's activity, its organisation, the interpretation of the Statute and other legal texts; and (iii) defending the Bank's interests in any litigation that concerns it.
- The [Group Corporate Services Directorate \(GCS\)](#) is responsible for personnel and for central corporate services including information technology and data governance, facilities management, and information management and procurement.
- The [Directorate for Operations \(OPS\)](#) is responsible for investment operations within the European Union, Candidate and Potential Candidate Countries, European Free Trade Association (EFTA) countries.
- The [EIB Global Directorate \(GLO\)](#) was officially launched on 1 January 2022. The new directorate re-groups the EIB's outside-EU operations and several specialised operational entities, together with the representation of external offices.
- [Portfolio Management and Monitoring \(PMM\)](#)<sup>36</sup> is responsible for financial monitoring of counterparts and event resolutions, as well as distressed transactions, late payments, guarantee calls and know-your-customer (KYC) processes.
- The [Finance Directorate \(FI\)](#) is responsible for all borrowing and treasury operations and back office support for all equity, lending, borrowing and funding operations.
- The [Projects Directorate \(PJ\)](#) appraises and monitors projects, assessing their economic, environmental, social and technical sustainability and their compliance with EU and EIB sector policies. It also provides

<sup>35</sup> For more details, see [Organisation structure](#) on the EIB website.

<sup>36</sup> Former nomenclature: Transaction Management and Restructuring (TMR).

advice to promoters on the preparation and implementation of projects, either directly or through external consultants.

- The [EIB Group Risk and Compliance Directorate \(GR&C\)](#) is responsible for both financial risks and non-financial risks relating to the EIB Group's business. Such risks include credit, market, liquidity and funding risks, operational risk as well as climate risk, reputational risk and strategic risk. Operational risks include those relating to information and communications technology (ICT), compliance, conduct, insurance, data protection and outsourcing and thus related policies on ethics, codes of conduct, whistleblowing, anti-money laundering, combating the financing of terrorism and non-compliant jurisdictions. The directorate independently identifies, assesses, monitors and reports on the risks to which the Bank is exposed in its capacity as an independent second line of defence with direct access to the Bank's governing bodies.
- The [Inspectorate General \(IG\)](#) groups together, under the authority of the Inspector General, three independent control and accountability functions, namely the evaluation of EIB Group activities, the investigation of prohibited conduct and other misconduct and the Complaints Mechanism. All Inspectorate General functions operate at EIB Group level. Their mission is to help ensure the EIB Group's resources are used for their intended purposes, to verify that they achieved their intended outcomes, and to promote good administration and learning.
- The [Financial Control Directorate \(FC\)](#) is mainly responsible for informing internal and external stakeholders about the Bank's financial position, results and performance. It has to ensure the integrity, completeness and accuracy of the Bank's financial statements and compliance with the applicable accounting standards and best practices. The Internal Controls and Assertion Division within the directorate is tasked with strengthening the Bank's second line of defence and provides a common platform to assess and report on the EIB's control risks.
- The [Internal Audit Department \(IA\)](#) is responsible for examining and evaluating the relevance and effectiveness of the internal control systems and the procedures involved in managing risk within the EIB Group. To that end, Internal Audit reviews and tests controls in critical banking, information technology and administrative areas on a rotational basis using a risk-based approach.

## 8 The EIB Group

The EIB and the EIF are both EU bodies and supranational institutions, qualifying as international financial institutions, each with the status of a multilateral development bank. The EIB consolidates the EIF accounts by virtue of its majority shareholding, under the relevant accounting principles.

The EIF was established in 1994 based on Article 28 of the Statute of the EIB, by decision of the EIB Board of Governors, with legal personality and financial autonomy. The EIF has a unique shareholding structure combining public and private investors.<sup>37</sup>

The EIF is a specialist institution that provides risk finance to support micro-entrepreneurs, small and medium-sized enterprises, small mid-caps, and climate and infrastructure funds in accessing finance. The EIF develops and implements equity and debt financial instruments that respond to the financing needs of European businesses.

In accordance with Article 2 of the EIF Statutes, the EIF's mission is to contribute to the objectives of the European Union. The level of remuneration or other income sought by the EIF shall be determined in such a way as to reflect risks incurred, cover operating expenses, establish necessary reserves and, in accordance with Article 24 of the Statutes, generate an appropriate return on its resources.

As part of the Group alignment implementation plan, actions aimed at ensuring proper financial consolidation, risk management and related oversight required under best banking practice have been developed.

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<sup>37</sup> For the latest shareholder register, see the [Register of EIF Shareholders](#)

## 9 EIB Group's internal control and risk management principles<sup>38</sup>

### 9.1 Overview

The Group's internal control functions and risk management systems are consistent with the three lines of defence model. As a first line of defence, the front units are responsible, within their respective areas, for managing risks within the established set of limits and boundaries. Among other functions, the second line of defence includes the respective risk management, internal control and compliance functions, as well as IT resources. In addition, the second line of defence provides advice regarding its application, following up on its implementation and ensuring compliance with respective policies and regulations.

Furthermore, EIB Financial Control Directorate established the Internal Controls and Assertion Division, and EIF Risk Office Directorate established the Internal Control, Regulatory and Corporate Compliance Division, which aim at strengthening the EIB Group's second line of defence and provides a common platform to assess and report on EIB Group controls and risks, and is responsible for the maintenance, development and oversight of the internal control framework. The second line of defence also includes functions in the EIB Projects Directorate and the Legal Directorate.

The third line of defence is ensured by the Internal Audit function, which provides an independent review of the risk management practices and internal control framework, reporting to the Audit Committee and/or to the EIF's Audit Board, as relevant.

The Group operates under a [Group Risk Management Charter](#), which sets out the overarching principles of risk management at the Group level. In line with best banking practice, the EIB as the parent entity of the EIB Group is responsible for exercising oversight of Group risks, while respecting the statutory, legal and governance requirements that apply to the Group's entities individually. The EIB sets the Group risk appetite framework, which covers both financial and non-financial risks and oversees its application. Under this framework, the EIB and the EIF define their individual risk appetite as the level of risk that they are willing to take in pursuing their activities in the context of their policy mandate and objectives and in compliance with their respective governing texts.

The EIB Group Risk Management Charter jointly codifies for the EIB Group a set of implementing provisions (approved by the EIB Management Committee and the EIF Chief Executive). In accordance with these provisions, the EIF reports on Group risk matters to the EIB through the Group Chief Risk Officer, who also has direct access to the EIF's Chief Executive and the Deputy Chief Executive.

At both the EIB and the EIF, the segregation of duties is guaranteed with two separate internal control functions, each having privileged direct access to the relevant executive body (Management Committee for the EIB, Chief Executive for the EIF) and to their respective boards of directors (and, in the case of the EIB, to the Risk Policy Committee of the Board of Directors).

For each of the internal control functions, EIB and EIF coordinate efforts. Inter-institutional collaboration was strengthened in 2013 to increase exchanges between the EIB and the EIF on key control functions, according to the three-line model. Furthermore, in March 2018, the Memorandum of Understanding between the EIB and the EIF establishing a framework for cooperation between the Compliance functions was signed, with a view to formalising and strengthening an aligned Group compliance risk assessment framework.

In line with the principles of cooperation between the EIB Audit Committee and the EIF Audit Board, the two statutory bodies met on two occasions in 2023 and discussed specific areas of audit focus and shared matters of interest. The shared matters of interest included the outcome of Internal Audit reports issued at Group level or with Group relevance, EIB Group financial statements, EIB Group risk management, the EIB Review and Evaluation Process, and where appropriate, common working practices and strategies.

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<sup>38</sup> For more details on risk management at the EIB, see the [Risk Management Disclosure Report](#) on the [EIF's website](#).

## 9.2 Main internal control structures

The [EIB Group Risk and Compliance Directorate](#) identifies, assesses, monitors and reports all risks to which the Bank is exposed. To preserve the separation of duties, the EIB Group Risk and Compliance Directorate is independent from the front office and provides a second opinion on all proposals made that have risk implications. The EIF's Risk Management Department is independent from the Front Office Transactions and Mandate Management Departments and focuses on the core areas of financial and non-financial risks.

Within the Group Risk and Compliance Directorate, the [Group Chief Compliance Officer \(GCCO\)](#)<sup>39</sup> has responsibility for all non-financial risks within the remit of the Group Chief Risk Officer (GCRO), and oversees non-financial risks at Group level, in consultation with the EIF and under the oversight of the GCRO. The GCCO is responsible for independent oversight of compliance risk, ensuring identification, assessment and measurement of compliance risk of the Group and its monitoring under the oversight of the GCRO. While the GCRO oversees compliance at the EIB Group level, both EIB and EIF compliance functions have direct access to the Management Committee (at the EIB) and Chief Executive and Deputy Chief Executive (at the EIF).

The EIB and the EIF Data Protection Officers are independent functions within, respectively, the Office of the Group Chief Compliance Officer and reporting directly to the EIF Deputy Chief Executive, and are tasked with controlling compliance with EU data protection rules.

The management and monitoring of loans post-signature is, for significant parts of the portfolio, the responsibility of the [Portfolio Management and Monitoring Directorate](#) (PMM), which is independent from Risk Management. PMM focuses on monitoring higher risk counterparts and certain forms of security. It also manages transactions requiring particular attention. All PMM proposals with credit risk implications are subject to an independent second opinion by Group Risk and Compliance.<sup>40</sup>

The [Inspector General](#) is in charge of three independent control and accountability functions: the Investigations Division, the Evaluation Division and the Complaints Mechanism Division. The Inspector General has privileged direct access to the President and the Audit Committee as well as to the EIF's Audit Board.

The [Internal Audit function](#) provides an independent review of the first two lines of defence by examining and evaluating the relevance and effectiveness of the internal control systems and the procedures involved in managing risk within the EIB Group. For the EIF, this function is outsourced to EIB Internal Audit under an intra-Group service level agreement.

Internal Audit's role is to provide the EIF's management with independent, objective assurances, analyses, agreed action plans or recommendations to add value and improve the effectiveness of the EIF's operations, governance, risk management and control processes where necessary. Moreover, following the endorsement by the EIF's Audit Board and the EIB's Audit Committee in 2020, the first EIB Group Internal Audit Charter took effect in 2021, formalising the framework for Group-level audit activities and related information sharing.

The [Financial Control Directorate](#) is responsible for budgetary control, accounting and reporting. To improve transparency, and with the objective of providing an unbiased, true and fair view of its financial position and results, the statutory financial statements are drawn up in accordance with EU Accounting Directives. The consolidated financial statements are prepared in two sets: one in accordance with International Financial Reporting Standards (IFRS) as approved by the European Union; and the other based on EU Accounting Directives. Within the EIB Financial Control Directorate there is a dedicated Internal Controls and Assertion Division, and within EIF Risk Office Directorate there is the Internal Control, Regulatory and Corporate Compliance Division, which aim to strengthen the EIB Group's second line of defence and provide a common platform to assess and report on the EIB Group's controls and risks. The EIF's Financial Control Division is responsible for payment of financial transactions, accounting and reporting. The statutory financial statements are drawn up in line with IFRS while two sets of Group reporting packages are prepared in accordance with IFRS and EU Accounting Directives and provided to the EIB for the preparation of the two sets of consolidated financial statements.

<sup>39</sup> The GCCO has direct access to the President, the Management Committee, the Working Group on Tax and Compliance matters and the Audit Committee.

<sup>40</sup> For more details on financial risk management at the EIB, see Note U of the [Statutory Financial Statements](#), and the [Risk Management Disclosure Report](#) on the [EIB's website](#).

## 10 EIF governance framework<sup>41</sup>

### 10.1 EIF statutory bodies

According to its Statutes, the EIF has a three-layer governance structure: the [General Meeting](#), the [Board of Directors](#) and the [Chief Executive](#), who may be assisted by a Deputy Chief Executive.

Together with the [Audit Board](#), they make up the statutory bodies of the EIF. The provisions relevant to the functioning of the EIF's statutory bodies are set out in the [EIF Statutes](#) and [Rules of Procedure](#), complemented by the [Audit Board Charter](#). The list of members of these bodies and the curricula vitae of members of the Board of Directors and the Audit Board, along with additional information on codes of conduct, allowances and the reimbursement of expenses, are published on the [EIF's website](#).

A specific code of conduct applies, upon acceptance of the mandate, to:

- [the members of the Board of Directors and to their alternates](#) and, where specifically provided for, to the former members of the Board of Directors and former alternates;
- the [Chief Executive and Deputy Chief Executive](#) and, where specifically provided for, to the former chief and deputy chief executives;
- [the members of the Audit Board](#) and, where specifically provided for, to the former members and alternate members of the Audit Board.

These respective codes of conduct set out the rules for professional ethics and behaviour.

The **General Meeting** consists of one representative of each EIF shareholder: the EIB (usually its President or a Vice-President), the European Commission representing the European Union, and each financial institution. The General Meeting is chaired by the representative of the shareholder with the highest number of shares in the EIF (the EIB). The Annual General Meeting must be held by 30 June at the latest to examine the annual report, balance sheet and profit and loss account for the previous financial year, together with all relevant documents. At the same time, the appropriation and distribution of net income for the year in question is also determined. The 2023 Annual General Meeting was held on 24 April 2023.<sup>42</sup> General Meetings may also be convened at the request of one of the members of the fund and following a decision of the Board of Directors. Decisions may also be taken via written procedure throughout the year. Save for certain specific instances requiring a qualified majority of 85% of the votes cast, decisions of the General Meeting shall be adopted by the majority of the votes cast subject to members present or represented holding no less than 50% of the subscribed capital.

The General Meeting is a non-remunerated governing body. It determines the allowances and reimbursement of expenses to which the members and alternate members of the Board of Directors and the members of the Audit Board are entitled.

The **Board of Directors** consists of seven members and seven alternates, designated by the shareholders of the EIF and mandated to act independently and to serve the best interests of the EIF in carrying out their duties. Four members and four alternates are designated by the EIB, two members and two alternates by the European Commission, and one member and one alternate by the financial institutions acting collectively. The members and alternates are appointed by and accountable to the General Meeting, with terms in office which are for two years and may be renewed. The mandates of the current members and alternate members end on the day of the 2024 Annual General Meeting.

As a general rule, decisions of the Board of Directors shall be adopted by majority vote and subject to not less than half of the members being present.

The EIF Board of Directors held nine meetings in 2023 (ten meetings in 2022). At the end of 2023, women made up 36% of the Board of Directors.

Pursuant to the EIF Rules of Procedure, the allowances of the members and alternate members of the Board of Directors are determined by the General Meeting. They are entitled to an attendance allowance of €300 net per meeting and a €220 net flat-rate subsistence allowance when travelling to attend a Board of Directors meeting.

<sup>41</sup> For more detailed information on the European Investment Fund, please see the EIF's Annual Report on [www.eif.org](http://www.eif.org).

<sup>42</sup> For Annual General Meeting minutes: [http://www.eif.org/who\\_we\\_are/governance/annual\\_general\\_meeting/index.htm](http://www.eif.org/who_we_are/governance/annual_general_meeting/index.htm)

The EIF also reimburses the travel expenses incurred by participating members and alternate members. Due to their specific professional circumstances, board members or alternate members may choose not to receive these payments. The members and alternate members of the Board of Directors do not receive a bonus and are not paid for preparation time between meetings or for decisions taken by written procedure.

The **Chief Executive** is responsible for the day-to-day management of the EIF and reports to the EIF Board of Directors. The current Chief Executive, Marjut Falkstedt, was appointed by the Board of Directors on 18 November 2022, upon nomination by the EIB, with this appointment effective as of 1 January 2023. Pursuant to the EIF Statutes, the Chief Executive may be assisted by a deputy. The Deputy Chief Executive shall replace the Chief Executive in their absence and be vested with the same powers. The Chief Executive and Deputy Chief Executive, respectively, may be appointed for a term of up to five years and are eligible for reappointment. The current Deputy Chief Executive, Roger Havenith, was originally appointed by the Board of Directors on 14 December 2015, following nomination by the EIB, and took office on 1 January 2016. The mandate of Roger Havenith was renewed on 14 May 2020, with this renewal effective as of 1 January 2021.

A delegation of powers from the Board of Directors to the Chief Executive, amended from time to time, defines the scope of authorisation within which the Chief Executive may approve certain new transactions, certain changes to already approved operations and certain decisions linked to the management of the EIF's tail-end funds portfolio, as well as take decisions in urgent circumstances.

The **Executive and Senior Management Committee** has been established in January 2023 to allow the Chief Executive's decision-making and day-to-day management of the EIF to occur on a sound and well-informed basis. The Executive and Senior Management Committee is chaired by the Chief of Staff and comprises the Chief Executive, the Deputy Chief Executive and the Director of each service reporting directly to the Chief Executive, namely the Secretary General, the Chief Investment Officer, the Chief Finance Officer, the Chief People Officer, the Chief Strategy Officer, and the Chief Risk Officer.

The **Audit Board** consists of six members, designated by the shareholders of the EIF and mandated to act in accordance with the customary standards of their profession. Three members are designated by the EIB, two members by the European Commission and one member by the financial institutions, acting collectively. The members of the Audit Board are appointed by and accountable to the General Meeting and serve six-year terms,<sup>43</sup> which are not renewable.<sup>44</sup>

The **Audit Board** has the statutory responsibility to confirm on an annual basis that, to the best of its knowledge and judgment, the balance sheet and profit and loss account of the EIF give a true and fair view of the financial position of the EIF with respect to its assets and liabilities, and of the results of its operations for the financial year under review. It shall also confirm that the operations of the EIF have been carried out in compliance with the formalities and procedures laid out in the Statutes and the Rules of Procedure and are based on sound banking principles or other sound commercial principles and practices as applicable to the EIF. Decisions of the Audit Board are taken by simple majority of its members, subject to at least four of the members being present, with the exception of the decision on the approval of the fund's financial statements, which requires unanimous approval of all the members of the Audit Board.

Pursuant to the EIF Rules of Procedure, the General Meeting determines the allowances of the Audit Board members. They are entitled to an attendance allowance of €1 500 net per meeting and a €220 net flat-rate subsistence allowance when travelling to attend an Audit Board meeting. The EIF also reimburses the travel expenses incurred by participating members. Due to their specific professional circumstances, Audit Board members may choose not to receive these payments.

The composition of the EIF Board of Directors and the EIF Audit Board as on 31 December 2023 is detailed in Annex 4.

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<sup>43</sup> With the exception of the shorter mandates for two of the three new members appointed in 2023 in the immediate extension to six members, as part of a transitory period, providing for the continued rotation of the office of Chair in the final year of a member's term in office.

<sup>44</sup> With the exception of the mandates for the existing members in office before 27 September 2022 and the mandates of the members appointed to the new positions in 2023.



## 10.2 EIF capital and shareholders

As at 31 December 2023, the [EIF's shareholders](#) consisted of the EIB holding 4 406 (59.8%) of the 7 370 issued shares, the European Union represented by the European Commission holding 2 190 shares (29.7%) and 38 financial institutions holding the remaining 774 shares (10.5%).

## 10.3 EIF best market practices framework

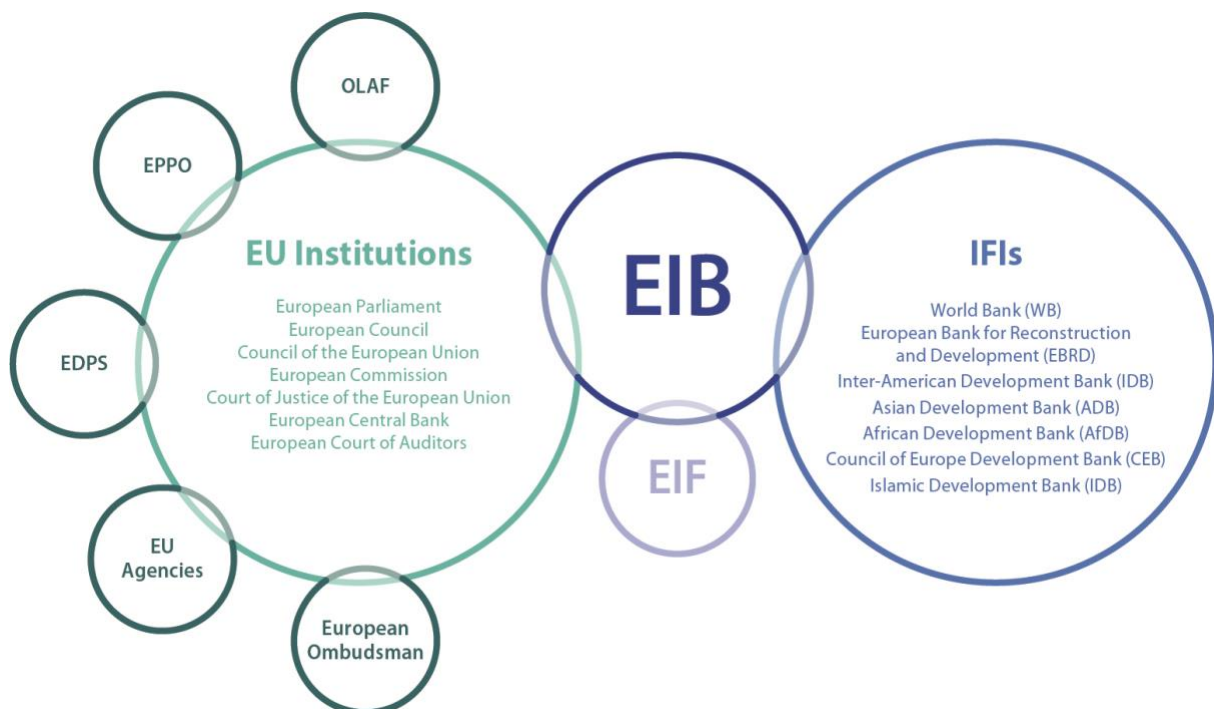
In accordance with its Statutes, the EIF's activities are based on sound banking principles or other sound commercial principles and practices as applicable (best market practices). The EIF is not subject to prudential banking or other regulatory supervision.

The EIF implements regulatory requirements to the extent that they are considered to apply to the EIB Group as best banking practice on a consolidated basis and EIF only on a standalone basis, in accordance with its internal procedures.

The EIF aims to adopt best market practices guidelines originating from regulatory texts relevant to its activities, as long as they do not conflict with its core legal framework (the EU Treaties and the EIF Statutes) and in a manner compatible with its nature, policy mission, specific tasks and governance structure.

To this end, the EIF monitors relevant best market practices based on a hierarchical set of reference documents including the EU Treaties, EIF Statutes and Rules of Procedure, EU directives and regulations, as well as guidance and principles issued by EU regulatory bodies (such as the Basel Committee on Banking Supervision, European Banking Authority, European Securities and Markets Authority).

## 11 EIB institutional network



The EIB is the parent entity and majority shareholder of the EIF. Together the two institutions form the EIB Group. Both are autonomous and have their own separate rules, governing bodies and staff members. However, the EIB and EIF market themselves as the EIB Group and thus strive for alignment on key strategic and policy matters.

The EIB is both a bank that follows the best banking practice applicable to it and an EU body, owned by the EU Member States and embedded in the EU institutional framework of accountability and control.

- [The European Commission](#) provides an opinion<sup>45</sup> on every operation presented for approval by the Management Committee to the EIB Board of Directors. Where the European Commission delivers an unfavourable opinion, the Board of Directors may not grant the finance requested unless its decision is unanimous, with the director nominated by the European Commission abstaining.
- For EIB activities within the European Union, no finance can be granted in the event of a negative opinion by the Member State in which an operation is located.
- [The European Parliament](#) reports every year on the EIB's annual report.
- [The Court of Justice of the European Union](#) rules on disputes that may arise between the EIB and the Member States and, where necessary, assesses the legality of the decisions taken by the Board of Governors and Board of Directors. Disputes between the Bank on the one hand, and its creditors, debtors or any other person on the other hand, shall be decided by the competent national courts, save where jurisdiction has been conferred to the Court of Justice of the European Union. Disputes concerning measures adopted by the bodies of the EIF shall be subject to the jurisdiction of the Court of Justice, whereas disputes between the EIF and operations beneficiaries shall be decided by the competent national courts or through arbitration.
- Operations under mandates conferred by the European Union on the EIB or the EIF, as well as operations managed by the EIB or the EIF that are entered into, and guaranteed by, the general budget of the European Union – are subject to documentary audits and, if necessary, on-the-spot audits by the [European Court of Auditors](#), in accordance with Article 287(3) of the TFEU.<sup>46</sup> The European Court of Auditors also has certain audit rights as regards the shareholding of the European Union in the EIF.<sup>47</sup>
- The EIB and EIF Data Protection Officers monitor compliance with the rules regarding personal data protection and in particular with [Regulation \(EU\) 2018/1725](#). They cooperate with the [European Data Protection Supervisor](#) and respond to its requests.
- Any physical or legal person may lodge a complaint for maladministration against the EIB or the EIF with the [European Ombudsman](#) if they are not satisfied with the EIB Group's response to their initial complaint.
- Since 2009, the European Investment Bank has access to the [liquidity mechanism of the Eurosystem](#) and, as such, complies with the relevant regulatory requirements, which are monitored by the Central Bank of Luxembourg on behalf of the European System of Central Banks.
- The EIB Group Inspectorate General Investigations Division fully cooperates with the European Public Prosecutor's Office (EPPO) and the European Anti-Fraud Office ([OLAF](#)) on cases within their respective remits.
- The [European Public Prosecutor's Office \(EPPO\)](#) is an independent and decentralised prosecution office of the European Union, with the competence to investigate, prosecute and bring to judgment crimes against the financial interests of the European Union, such as fraud, corruption or serious cross-border VAT fraud. OLAF investigates [fraud](#) against the EU budget, corruption and serious misconduct within the European institutions, and develops anti-fraud policy for the European Commission. Detailed frameworks for cooperation were set out in working arrangements respectively between the [EPPO](#), the EIB and the EIF, and between [OLAF](#), the EIB and the EIF.

The EIB also forms part of the international financial institution community and works closely with other international financial institutions as co-financer of projects and regularly exchanges on policy developments, challenges and priorities. The EIB is a founding member and minority shareholder of the EBRD.

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<sup>45</sup> [Working procedure between the EIB and the Commission services on environmental aspects.](#)

<sup>46</sup> To that end, a [Tripartite Agreement](#) has been adopted by the Commission, the Court of Auditors and the EIB.

<sup>47</sup> To that end, a Tripartite Agreement has been adopted by the European Commission, the Court of Auditors and the EIF.

# Annexes

## Annex 1 – Directors and experts’ attendance of 2023 meetings

Countries	Gender	First name	Last name	Max number of meetings	Attendance	Total (%)
Germany	Ms	Elke	KALLENBACH	9	9	100.00%
France	Ms	Muriel	LACOU-LABARTHE	8	8	100.00%
Italy	Ms	Francesca	UTILI	9	7	77.78%
Spain	Mr	Enrique	RUIZ DE VILLA SAIZ	9	9	100.00%
Portugal	Mr	Filipe	CARTAXO	9	9	100.00%
Belgium	Mr	Hans	D’HONT	5	5	100.00%
Luxembourg	Mr	Arsène	JACOBY	9	7	77.78%
Netherlands	Mr	Robin	UYTERLINDE	9	6	66.67%
Denmark	Ms	Julie	SONNE	9	8	88.89%
Greece	Mr	Konstantin J.	ANDREOPOULOS	4	4	100.00%
	<i>replaced by</i>					
	Mr	Micheael	ARGHYROU	5	4	80.00%
Ireland	Mr	Des	CARVILLE	9	9	100.00%
Romania	Mr	Attila	GYÖRGY	4	4	100.00%
	<i>replaced by</i>					
	Mr	Mihai	PRECUP	5	5	100.00%
Estonia	Mr	Andres	KUNINGAS	4	4	100.00%
	<i>replaced by</i>					
	Mr	Martin	PÖDER	3	3	100.00%
Latvia	Mr	Armands	EBERHARDS	9	9	100.00%
Lithuania	Mr	Darius	TRAKELIS	9	9	100.00%
Austria	Ms	Karin	RYSAVY	7	7	100.00%
Finland	Ms	Kristina	SARJO	9	9	100.00%
Sweden	Ms	Anna	BJÖRNERMARK	9	9	100.00%
Croatia	Ms	Silvija	BELAJEC	4	4	100.00%
	<i>replaced by</i>					
	Mr	Davor	ZORIČIĆ	5	5	100.00%
Hungary	Mr	László	BARANYAY	4	4	100.00%
	<i>replaced by</i>					
	Mr	Levente	SIPOS-TOMPA	5	5	100.00%
Poland	Mr	Piotr	PATKOWSKI	4	0	0.00%
	<i>replaced by</i>					
	Mr	Tomasz	SKURZEWSKI	5	5	100.00%
Bulgaria	Ms	Marinela	PETROVA	4	3	75.00%
	<i>replaced by</i>					
	Mr	Metodi	METODIEV	5	5	100.00%

Czechia	Mr	Petr	PAVELEK	9	9	100.00%
Cyprus	Mr	Kyriacos	KAKOURIS	5	5	100.00%
Malta	Mr	Paul	DEBATTISTA	4	4	100.00%
	<i>replaced by</i>					
	Mr	Martin	SPITERI	5	5	100.00%
Slovenia	Ms	Nina	MARIN	4	3	75.00%
	<i>replaced by</i>					
	Mr	Aleš	ŠKOBERNE	5	4	80.00%
Slovakia	Mr	Peter	FRÖHLICH	4	4	100.00%
	<i>replaced by</i>					
	Mr	Martin	POLÓNYI	5	5	100.00%
European Commission	Ms	Elena	FLORES GUAL	9	8	88.89%

Experts	Mr	Joes	LEOPOLD	4	4	100.00%
	Mr	Giorgio	GOBBI	4	2	50.00%
		vacant				

## Annex 2 – Alternate directors and alternate experts' attendance of 2023 meetings

Countries and constituency	Gender	First name	Last name	Max number of meetings	Attendance	Total (%)
Germany	Mr	Hendrik	KAELBLE	9	7	77.78%
	Ms	Susanne	BLOMENHOFER	9	9	100.00%
France	Mr	Matthieu	PHILIPPOT	9	9	100.00%
	Ms	Estelle	DE BEAUCÉ	4	4	100.00%
	<i>replaced by</i>					
	Mr	Quentin	NAVARO AUBURTIN	3	3	100.00%
Italy	Ms	Francesca	MERCUSA	9	9	100.00%
	Ms	Francesca	ROMAGNOLI	4	1	25.00%
	<i>replaced by</i>					
	Ms	Bianca	Giannini	5	5	100.00%
Spain, Portugal	Ms	Isabel	GARAYO ORBE	9	9	100.00%
	Ms	Rosa	CAETANO	9	9	100.00%
Belgium, Luxembourg, Netherlands	Mr	Miguel	MARQUES	9	7	77.78%
	Ms	Ludivine	HALBRECQ	9	9	100.00%
	Mr	Jan	De BOER	9	6	66.67%
Denmark, Ireland, Romania, Greece	Mr	Morten	KLINGE	9	4	44.44%
	Mr	Nikos	MANTZOUFAS	4	4	100.00%
	<i>replaced by</i>					
	Mr	Charilaos	LAMBROPOULOS	5	5	100.00%
	Mr	Des	O'LEARY	4	3	75.00%
	<i>replaced by</i>					
	Mr	Michael	TAGGERT	5	5	100.00%
Ms	Boni Florinela	CUCU	9	9	100.00%	

Estonia, Latvia, Lithuania, Austria, Finland, Sweden	Ms	Riina	LAIGO	9	9	100.00%	
	Ms	Aija	ZITCERE	9	9	100.00%	
	Ms	Jurgita	UZIELIENE	9	9	100.00%	
	Mr	Christian	REININGER	7	7	100.00%	
	Ms	Anne	AF URSIN	9	7	77.78%	
	Ms	Anna	EKSTAM	2	1	50.00%	
	<i>replaced by</i>						
	Ms	Erika	CARLSSON	3	3	100.00%	
Croatia, Hungary, Poland	Ms	Ana	ZORIĆ	4	4	100.00%	
	<i>replaced by</i>						
	Ms	Ines	ŠPIRIĆ	3	2	66.67%	
	Ms	Ildiko	ZATROK	5	5	100.00%	
Bulgaria, Czechia, Cyprus, Malta, Slovenia, Slovakia	Mr	Maciej	TABACZAR	9	9	100.00%	
	Ms	Gergana	BEREMSKA	9	5	55.56%	
	Mr	Radek	HŘEBÍK	9	9	100.00%	
	Ms	Eleni	PITTA	9	9	100.00%	
	Ms	Paulanne	MAMO	4	4	100.00%	
	<i>replaced by</i>						
	Mr	Joseph	LICARI	5	5	100.00%	
	Ms	Urška	GRMEK	4	4	100.00%	
	<i>replaced by</i>						
	Mr	Martin	ZDOVC	5	4	80.00%	
	Mr	Martin	POLÓNYI	4	4	100.00%	
<i>replaced by</i>							
	Mr	Peter	FRÖHLICH	5	5	100.00%	
European Commission	Ms	Saila	VALTONEN	9	9	100.00%	

Experts	Mr	Antonio	OPORTO	4	4	100.00%
	Mr	Olivier	BAILLY	4	1	25.00%
		vacant				

On average, attendance of directors was 92.37% (89.12% in 2022); attendance of alternate directors was 89.92% (96.22% in 2022); attendance of expert members was 75.00% (50.00% in 2022), and attendance of alternate expert members was 62.5% (65.22% in 2022).

At the end of 2023, women made up 38.46% (48.39% in 2022) of the Board of Directors,<sup>48</sup> men made up 50.77% (51.61% in 2022) of the Board of Directors, and vacant positions made up 10.77% of the Board of Directors.

The term of office of directors and experts and of their alternates appointed after the 2018 annual meeting has expired in June 2023, and the Board was renewed in the annual meeting, dated 16 June 2023.

According to the EIB's Statute and Rules of Procedure, each director has one vote on the Board of Directors and may be replaced by an alternate director. Where directors are prevented from attending but unable to arrange for an alternate to represent them, they may delegate their vote in writing to another member of the Board of Directors. However, no member of the Board of Directors may have more than two votes. Alternate directors may take part in the meetings of the Board of Directors, but are not entitled to vote, except where they replace a director or where they have been delegated to do so.

Experts are non-voting members of the Board of Directors.

<sup>48</sup> Including directors, alternate directors, experts and alternate experts.

## Annex 3 – Audit Committee members’ attendance of 2023 meetings

Name	Status	Appointment date	End of term*	No of meeting days**	Attendance	Total %	No of briefing calls***
Ms Christoph HAAS	Member/ Chair	10/11/2022	BoG 2028	33	30	91%	1
Mr Nuno GRACIAS FERNANDES	Member	16/07/2019	BoG 2025	33	30	91%	1
Mr Christos TRIANTOPOULOS	Member/ former Chair	08/10/2020	22/04/2023	12	6.5	54%	1
Ms Katja PLUTO	Member	09/06/2021	BoG 2026	33	29	88%	1
Mr Ivan ŠRAMKO	Member	9/03/2022	BoG 2027	33	33	100%	1
Ms Eva-Lena NORGRÉN	Member	02/06/2022	BoG 2028	33	33	100%	1
Mr John SUTHERLAND	Observer <sup>49</sup>	30/06/2014	BoG 2026	33	33	100%	1
Ms Beatrice DEVILLON-COHEN	Observer	10/07/2020	BoG 2026	33	33	100%	1
Mr Vasile IUGA	Observer <sup>50</sup>	07/08/2017	BoG 2026	33	33	100%	1
<b>Total</b>						<b>91.55%</b>	

\* Appointed as member or observer until the end of the day of the annual meeting or of the day of the approval of the financial statements, whichever occurs later.

\*\* Includes regular and joint meetings with the EIF Audit Board.

\*\*\*Includes extraordinary briefing calls to cover topics of relevance to the Audit Committee and the EIB Group with the services, the Management Committee and the Board of Directors.

<sup>49</sup> Observer from 10 June 2020.

<sup>50</sup> Observer as of 8 October 2020.

**Annex 4 – Composition of EIF Board of Directors and EIF Audit Board as of 31/12/2023**

Name	Status	Governing body	Appointment date	Term date
Ms Gelsomina VIGLIOTTI	Chair	Board of Directors	24/11/2022	AGM 2024
Mr Filipe CARTAXO	Member	Board of Directors	2/11/2023	AGM 2024
Mr Giorgio CHIARION CASONI	Member	Board of Directors	6/11/2023	AGM 2024
Ms Merete CLAUSEN	Member	Board of Directors	7/04/2022	AGM 2024
Mr Ambroise FAYOLLE	Member	Board of Directors	7/04/2022	AGM 2024
Ms Ludivine HALBRECQ	Member	Board of Directors	2/11/2023	AGM 2024
Mr Pascal LAGARDE	Member	Board of Directors	7/04/2022	AGM 2024
Mr Peter BERKOWITZ	Alternate Member	Board of Directors	7/04/2022	AGM 2024
Mr Armands EBERHARDS	Alternate Member	Board of Directors	7/04/2022	AGM 2024
Mr Werner HOYER	Alternate Member	Board of Directors	24/11/2022	AGM 2024
Mr Jean-Christophe LALOUX	Alternate Member	Board of Directors	7/04/2022	AGM 2024
Ms Anna PANAGOPOULOU	Alternate Member	Board of Directors	7/04/2022	AGM 2024
Ms Kristina SARJO	Alternate Member	Board of Directors	7/04/2022	AGM 2024
Mr Mark SCICLUNA BARTOLI	Alternate Member	Board of Directors	7/04/2022	AGM 2024

Note: Werner HOYER resigned from the Board of Directors, effective 31 December 2023, following the end of his mandate as President of the EIB.

Name	Status	Governing body	Appointment date	Term date
Ms Georgiana VAN ROMPUY	Chair	Audit Board	9/05/2021	AGM 2024
Mr Sergio SIERRA	Member	Audit Board	7/04/2022	AGM 2025
Ms Rossella LOCATELLI	Member	Audit Board	22/04/2020	AGM 2026
Mr Jacek DOMINIK	Member	Audit Board	22/04/2023	AGM 2027
Ms Delphine REYMONDON	Member	Audit Board	11/01/2023	AGM 2028
Ms Isabelle GOUBIN	Member	Audit Board	24/04/2023	AGM 2029







# European Investment Bank Group Corporate Governance Report for 2023

