



**CODE OF CONDUCT
FOR THE MEMBERS OF THE AUDIT COMMITTEE OF
THE EUROPEAN INVESTMENT BANK**

February 2000

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Preamble

With a view to ensuring the effectiveness of the Audit Committee, it is an unavoidable obligation of any of its members to act professionally, with due diligence and responsibility. Therefore, keeping within the law and the Statute, having in due consideration the particular nature and sensitivity of banking activity and assuming full responsibility for their acts, they shall do what they conscientiously consider appropriate to that effectiveness.

An example of what may be necessary for the appropriate discharge of their duties is the discussion of matters with members of the Staff, senior management or governing bodies of the Bank, external consultants, auditors or supervisors, and authorities or institutions having a specific relation with the Bank or its operations.

Adoption of codes of conduct for the Management Committee and for the staff of the European Investment Bank (hereinafter “the Bank”) has been recommended by both the Bank’s internal and external auditors. Indeed, a formal reminder of and adherence to professional ethics through a clear set of principles can only contribute to sound management of an institution such as the Bank. The adoption of an appropriate Code of Conduct for the Audit Committee is a further step in the due application of best practice re. corporate governance in the Bank.

The rules of conduct spelled out in this code are based on the principles enshrined in the Bank’s Statute, its Rules of Procedure and subsequent texts governing Bank activity, as well as on other general pertinent principles, and have been inspired by the Codes of Conduct for the Management Committee and for the staff of the Bank.

This Code of Conduct will be forwarded to the Board of Governors.

Code of Conduct for Audit Committee members

The following rules and principles apply to all members of the Audit Committee and to the observer(s) to the Audit Committee (hereinafter referred to as “the Members”).

1. Note should be taken of the following :

- “A Committee consisting of three members, appointed on the grounds of their competence by the Board of Governors, shall annually verify that the operations of the Bank have been conducted and its books kept in a proper manner.

The Committee shall confirm that the balance sheet and profit and loss account are in agreement with the accounts and faithfully reflect the position of the Bank in respect of its assets and liabilities.”

(Article 14 of the Bank’s Statute)

Members of the Audit Committee shall discharge their duties professionally, with due diligence and efficiency and to the best of their abilities, and shall, at all times,

maintain an attitude consistent with both the international character of the Bank and their duties. They shall observe current laws and regulations, in particular the Bank's Statute and its Rules of Procedure, insofar the provisions contained therein have a bearing on the Audit Committee.

They shall be aware that the maintenance of professional competence requires a continuing reasonable awareness of developments and best practice in accounting, auditing and internal control, including relevant national and international pronouncements on these matters and on other relevant regulations and statutory requirements.

2. In performing their duties, the Members of the Audit Committee shall neither seek nor accept instructions from any government, any other organisation or any person within or outside the Bank. Members of the Audit Committee shall ascertain that their action remains within the powers conferred upon them and remains compatible with the nature of their post. They shall have full responsibility for the duties conferred upon them.
3. The Members of the Audit Committee shall also be duty bound to conduct themselves honestly and sensitively with respect to acceptance, following the end of their term of office, of certain functions, perquisites or assignments which could conflict with the knowledge acquired by them in the performance of their duties as a Member of the Audit Committee.
4. Should a Member of the Audit Committee be called upon to express an opinion on a lending, guarantee or any other Bank operation, and should such a Member be personally related directly or indirectly to or have an interest in a likely beneficiary of such operation, or should be in a position or situation liable to give rise to a conflict of interests, it shall be that Member's duty to declare so forthwith in writing to the Chairman of the Audit Committee, who will decide what course of action is to be taken.

The Members of the Audit Committee shall also make such declaration in writing should the relationship or the interest arise subsequently to the operation concerned.

The Secretary General of the Bank shall receive a copy of the aforementioned declarations.

5. Members of the Audit Committee who, in the context or course of their duties, have direct or indirect access to inside information or are in possession of such in respect of :
 - the Bank;
 - any other companies or bodies,
 - transferable securities of any kind, whether issued by these companies or bodies or by the Bank,

may not make use, either directly or indirectly of this inside information in order to carry out, recommend or advise either in favour or against transactions involving the Bank, these companies or bodies or these securities, for their own account or for that of third parties. "Inside information" shall mean information which has not been made

public, which involves precise particulars relating to the Bank, to one or several other companies or bodies or to one or several transferable securities, and which, if made public, would be likely to have a significant effect on the value of the Bank, these companies or bodies or on the price of the transferable security or securities in question.

6. No Member of the Audit Committee shall apply for, receive or accept from any source any advantage, direct or indirect, which is in any way connected with his mandate in the Bank. The Members of the Audit Committee are therefore advised to discourage a priori the offer of any gift having more than a token value. However, should it be impossible to refuse, notably because such refusal could prove embarrassing to the donor, the gift is to be passed over to the Bank through the intermediary of the Secretary General.
7. Article 24 of the Rules of Procedure stipulates that "Members of the Committee shall not divulge any information or data coming to their knowledge during the performance of their duties to persons or bodies outside the Bank."

Members of the Audit Committee shall keep secret any information coming to their knowledge in the course of their duties. They shall continue to be bound by this obligation after termination of their mandate.

This obligation of professional secrecy is expressed in particularly strict terms, during the period of active performance of their duties as well as after termination of their mandate. It reflects the banking nature of the institution and serves to establish relations of trust with the Bank's business partners.

8. The privileges and immunities enjoyed by the Members of the Audit Committee under the "Protocol on the Privileges and Immunities of the European Communities" are accorded solely in the performance of their duty. These privileges and immunities shall in no way exempt Members of the Audit Committee from fulfilling their private obligations or complying with the laws and police regulations in force.
9. Mission expenses incurred by the Members of the Audit Committee in the execution of their duties are normally paid by the Bank, based on the decisions made by the Board of Governors in this respect. Unnecessary expenses or expenses which are not in line or justified by the results which could eventually be derived or obtained from such expenses shall be avoided. Where persons or organisations offer to pay or pay on their own initiative the travel, hotel and/or any miscellaneous expenses of a Member of the Audit Committee, this cannot be accepted if made by persons or organisations subject or potentially subject to scrutiny or audit by the Audit Committee. However, should it be impossible to refuse, notably because such refusal could prove embarrassing to the donor, the Member of the Audit Committee shall inform the Chairman of the Audit Committee and the Secretary General of such event. Payment of travel and/or hotel expenses by such organisers must be declared on the statement of expenses submitted after each mission.
10. The Members of the Audit Committee shall make appropriate use of Bank facilities made available to them for the performance of their duties.

11. The Members of the Audit Committee shall refrain from any form of discrimination or harassment, particularly discrimination based on sex, age, nationality, political opinions, philosophical views or religious convictions as well as, in general, the manner in which members of staff choose to conduct their private lives.

They shall also refrain from exerting any pressure on staff which might result in any infringement of regulations or deviation from procedures, for example in management of the Bank's assets, award of contracts, management of human resources or financial transactions.

12. The Chairman of the Audit Committee shall supervise adherence to this Code of Conduct. Where the conduct or interests of the Chairman are concerned, supervision shall be exercised by the Chairman of the Board of Governors.

13. In the event of any breach of the aforementioned rules of confidentiality, neutrality, discretion and probity, it shall fall to the Chairman of the Audit Committee or, as the case may be, the Chairman of the Board of Governors, to consider any appropriate measure, in keeping with the Statute and the Rules of Procedure.

14. All Members of the Audit Committee shall sign this Code of Conduct, including any new Members who may assume office as from this date.

It is understood that no rule of the Code of Conduct can result in jeopardising the aforementioned core objective of effectiveness of the Audit Committee.

These signed copies shall be held by the Secretary General of the Bank.