I. PREAMBLE AND BASIC PRINCIPLES

1. This document sets forth the “Policy and Guidelines on Fighting Corruption, Fraud, Money Laundering and the Financing of Terrorism”, in place at the European Investment Bank (EIB). It will be updated from time to time based on:
   a. A public consultation process to be held in 2007;
   b. Changes in EU legislation, directives, etc., that would affect this document;
   c. Changes to policies, guidance, procedures, etc., within the EIB that would impact this document; and
   d. Changes to this document that the EIB judges necessary to make from time to time.

2. The Policy:
   a. Is built on the principle that the EIB will not tolerate corruption, fraud or other illegal acts in any of its activities or operations;
   b. Collects in one document and clarifies the main points of the EIB’s anti-fraud and anti-corruption strategy;¹ and
   c. Is intended to ensure that:
      i. EIB staff and their business partners maintain the highest level of integrity and efficiency in all EIB activities and operations;
      ii. Corrupt or fraudulent practices, money laundering and the financing of terrorism² are prevented or deterred to the possible extent;
      iii. Any such acts that might occur are reported promptly and investigated thoroughly and fairly;
      iv. Wrongdoers are sanctioned appropriately; and
      v. All legal steps are taken to recover misapplied funds.

¹ The Policy provisions are drawn from:
   . Applicable EIB and European Union rules and regulations, policies and procedures;
   . EIB Board of Governors Minutes of the Decision of 27 July 2004, regarding OLAF: Decision on measures to combat fraud;
   . EIB Integrity Policy and Compliance Charter; and
   . EIB Staff Code of Conduct, Guidelines for Procurement, and conditions and clauses contained in EIB finance contracts.

² For the sake of brevity, “corrupt or fraudulent practices, money laundering and the financing of terrorism” hereinafter may be referred to as “fraud and other illegal acts.”
3. The Policy is divided into four main sections:
   a. Proactive measures intended to **minimize the risk** of fraud and other illegal acts;
   b. Procedures to **report** such offences;
   c. Principles to ensure fair and impartial **investigations**; and
   d. **Disciplinary procedures** and other **remedies** for violations.

Responsibilities to implement the Policy

4. The primary responsibilities to implement this Policy are as follows:
   a. The Management Committee, the Board of Directors, the Audit Committee and managers are responsible to implement measures to prevent and deter fraud and other illegal acts;
   b. The Fraud Investigation Unit of the Inspectorate General (IG/IN) and the European Anti-Fraud Office (OLAF) are responsible to receive reports and investigate possible instances of such misconduct; and
   c. Members of staff are required to comply with these Guidelines, and to be alert for and report suspected violations.

II. SCOPE OF THE POLICY

5. This Policy covers all EIB operations, including EIB-financed projects within or outside the EU. It applies to the following persons and entities:
   a. The EIB Board of Directors, the Management Committee, members of staff and consultants, without regard to their position, rank, or length of service;
   b. All borrowers, promoters, contractors, suppliers, beneficiaries and any other person or entity involved in EIB-financed activities, according to the terms of the applicable EIB finance contracts; and
   c. All counterparties and others through which the EIB deals in its borrowing or treasury activities.

III. DEFINITIONS

6. As used herein:
   a. A **corrupt practice** is the offering, giving, receiving, or soliciting, directly or indirectly, anything of value to influence improperly the actions of another party.
   b. A **fraudulent practice** is any act or omission, including a misrepresentation that knowingly or recklessly misleads, or attempts to mislead, a party to obtain a financial or other benefit or to avoid an obligation.

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3 Most investigations conducted to date by the IG/IN have involved alleged wrongdoing related to financial projects and thus involve individuals who are not EIB staff.
4 The definitions are taken from the “Uniform Framework for Preventing and Combating Fraud and Corruption,” agreed to in September 2006 by the leaders of seven major International Financial Institutions, including the EIB. 
c. A coercive practice is impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party to influence improperly the actions of a party.

d. A collusive practice is an arrangement between two or more parties designed to achieve an improper purpose, including influencing improperly the actions of another party.

7. For money laundering and the financing of terrorism, the EIB has adopted the definitions set out in EC Directive 2005/60 of the European Union and proposed by the OECD’s Financial Action Task Force (FATF).5

IV. MEASURES TO MINIMIZE THE RISK OF FRAUD AND OTHER ILLEGAL ACTS

8. The Statute of the EIB provides that the Bank shall ensure that its funds are used as rationally as possible in the interest of the Community, and, accordingly, the terms and conditions of the Bank's loan operations must be consistent with relevant Community policies. The 27 EU countries have legislation to fight fraud and other illegal acts and to ensure transparency and integrity in the procurement process. The EIB is vigilant that this legislation is fully respected for the projects that the EIB finances in the EU, notably through close cooperation with OLAF. For projects outside the EU, the EIB has implemented a number of significant measures to fight fraud and other illegal acts, as described below.

Measures through Finance Contracts

9. Finance Contracts for projects outside the EU contain several provisions to
   a. fight corrupt and fraudulent practices; and
   b. money laundering and the financing of terrorism.

   With regards to a. these provide for the borrower/promoter:
   the obligation to:
   i. Provide an Integrity Commitment and warrant that neither it nor any other person of which it is aware has committed any fraudulent acts;
   ii. At the Bank’s request to investigate or terminate alleged or suspected fraudulent acts and keep the Bank informed;
   iii. Inform the Bank on any complaint received;
   iv. To facilitate investigations by the Bank;
   v. To keep records for at least 6 years; and
   vi. Provide the Bank with true copies of contracts financed under the loan and evidence of expenditures equal to disbursements.

   With regards to b. these provide for the borrower to:
   i. Warrant its compliance with the EC Directives, including that no part of its share capital is of illicit origin, with special

5 Other EC Directives relating to aspects of fraud and other illegal acts include:
   . EC Directive 2004/18 on procurement;
   . EC Directive 2003/6 on insider dealing and market manipulation; and
attention GAFI-listed countries and inform the Bank if it becomes aware of an illicit origin; and
ii. Inform the Bank on any alteration of its legal status and any transaction involving a change in ownership of 10% or more.

10. **Sanctions available to the Bank**
When the above clauses are breached, the Bank has the right to cancel or suspend the credit.

In addition and pursuant to art. 45.1 of the EC Directive 2004/18, any candidate tenderer who has been convicted by a final judgment for participation in a criminal organization, corruption, fraud, money laundering or terrorist financing of which the promoter is aware, shall be excluded from participation in a Bank-financed contract for a reasonable period depending on the severity of the offence.

**EIB Guide to Procurement**

11. For promoters in the EU who fall under the Community Directives on procurement, the Bank will ensure that fair tendering procedures are employed and that, during project implementation, further steps ensure continued compliance, rational use of Bank funds and reduction of the risks involved.

12. The Guide contains a number of measures to ensure transparency and integrity in procurement. These include, as a general rule, for contracts outside the EU, a requirement that the contractor execute a “Covenant of Integrity” to the promoter, in which the contractor declares not to have been engaged in or will engage in any fraudulent or corrupt practice and includes undertakings obliging the contractor to:
   a. Appoint a person responsible for implementing the Covenant;
   b. Disclose any practice contrary to the Covenant;
   c. Discloses any person employed on the project with a history of malpractice;
   d. Allow the major stakeholders, including the Bank, access to their records;
   e. Keep records for a period of at least 6 years; and
   f. The obligation that promoters obtain the Bank's non-objection on major procurement decisions, giving the Bank control over the procurement process during project execution.

Also, the Bank requires any tenderer to execute a Covenant of Integrity and grant the promoter and the Bank the right to inspect their records.

Other major related articles in the Guide include:
- the requirement that promoters, tenderers, contractors, etc. observe the highest standards of ethics during procurement; and
- the obligation of the promoter to inform the Bank immediately of any written complaint during the tender preparation period.

13. **Sanctions available to the Bank**
If the Bank determines that a contractor, supplier, consultant or their representative or the promoter has engaged in a corrupt or fraudulent practice, the Bank will:
   a. decline the promoter's preferred choice; and
b. cancel all or part of the loan unless the prohibited practice has been dealt with to the satisfaction of the Bank.

Anti-fraud measures that apply to EIB members of staff

Staff Code of Conduct

14. All members of staff must comply with the rules of behaviour and ethical standards set forth in the Staff Code of Conduct. These cover any corrupt or fraudulent practice or other illegal acts. Failure to comply subjects the member of staff to potential disciplinary and legal action.

The Integrity Policy and Compliance Charter

15. The Integrity Policy and Compliance Charter mandates that members of staff shall comply with all applicable internal and external rules and regulations, including the observance of applicable national laws and regulations. http://www.eib.org/Attachments/general/occo_charter_en.pdf

Activities of the Office of the Chief Compliance Officer (OCCO)

16. OCCO is responsible for the administration of the Staff Code of Conduct and the Integrity Policy and the Compliance Charter, as well as integrity checks and controls related to Anti-Money Laundering and Financing of Terrorism programs.

17. For lending operations, EIB members of staff must request OCCO’s opinion, prior to approval, for each operation in which any key party is located in a “monitored jurisdiction.”

V. OBLIGATIONS TO REPORT SUSPECTED FRAUD AND OTHER ILLEGAL ACTS

Reporting obligations of members of staff

18. Under this Policy and the Staff Code of Conduct, EIB members of staff are obliged to report any reasonable suspicion or allegation of fraud and other illegal acts that involve EIB activities, operations, members of staff or business partners.

19. All reports will be treated as strictly confidential, and may be made anonymously.

Reporting obligations of borrowers and promoters

20. As noted above, under the terms of EIB finance contracts outside the EU and subject to the limitations therein:

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6 The provisions of the EIB Staff Code of Conduct apply by extension to contractors and consultants, according to the terms of their contracts. http://www.eib.org/Attachments/thematic/code_conduct_staff_en.pdf
a. A borrower must inform the Bank of any fact or information suggestive of a fraudulent or corrupt practice;
b. A promoter must immediately inform the Bank of any written complaint that it may receive from a tenderer during the tender preparation period; and
c. Under the Covenant of Integrity, contractors, suppliers and consultants must report to the promoter any fraudulent or corrupt practice that comes to the attention of any person in their organization having responsibility for ensuring compliance with the Covenant.

Reporting procedures

21. All reports of suspected fraud or corruption by EIB members of staff, business partners, or members of the public, should be made to the Secretary General or Inspector General (IG) of the EIB, or directly to the European Anti-Fraud Office (OLAF) in Brussels. Information on how to report to the Inspectorate General can be found at http://www.eib.org/news/news.asp?news=91.

22. All reports will be acknowledged and the person who made the report, if known, shall be informed of the actions taken.

Protection of whistleblowers

23. The Staff Code of Conduct prohibits any discriminatory or disciplinary action against any member of staff who makes a good faith report of suspected misconduct.

24. The Staff Code of Conduct provides that the Bank will ensure confidential treatment for members of staff who report suspected misconduct, and that such members of staff will enjoy the assistance and protection of the Bank. IG/IN likewise shall take all reasonable measures to ensure the confidentiality of reports from third parties.

VI. PRINCIPLES FOR THE CONDUCT OF INVESTIGATIONS

Authority to conduct investigations

25. IG/IN shall be responsible for all investigations of alleged or suspected corruption, fraud, money laundering or the financing of terrorism, involving the EIB, its operations or members of staff.

26. IG/IN shall work in close collaboration and in full transparency with the European Anti-Fraud Office (OLAF).

Independence

27. IG/IN shall enjoy complete independence in the exercise of its responsibilities. It shall have full authority to open, pursue and report on any investigation within its jurisdiction without prior notice to, the consent of, or interference from any other person or entity.
Professional standards

28. All investigation conducted by IG/IN shall be fair and impartial, with due regard to the rights of all persons or entities involved.

29. The IG/IN shall comply with the “Uniform Framework for Preventing and Combating Fraud and Corruption” including the “Principles and Guidelines for Investigations” attached thereto which were adopted by the International Financial Institutions Anti-Corruption Task Force.

Access to information

30. All EIB staff shall fully cooperate with IG/IN and OLAF, answer relevant questions and comply with requests for information and records.

31. For the purposes of conducting an investigation, IG/IN and OLAF shall have full access to all relevant personnel, information, documents and data, including electronic data, within the EIB, in accordance with the applicable procedures.

32. In so far as provided in the applicable EIB financed-contracts, IG/IN and OLAF shall have the right to examine and copy the relevant books and records of project promoters, borrowers, contractors, suppliers and other involved parties.

Confidentiality

33. All information and documents collected during an investigation, including the identities of the subject and witnesses, shall be kept strictly confidential, and in accordance with the rules of Bank secrecy.

34. IG/IN shall disclose such information and documents only in reports to those persons or entities authorized to receive them, according to IG/IN's procedures.

Rights of the subject

35. A staff member who is the subject of an investigation shall be notified as early as possible, unless the IG determines that to do so would be harmful to the investigation.

36. In any event, a staff member who is the subject of an investigation shall be given notice of the allegations and evidence against him or her, and an opportunity to respond before any adverse action is taken.

VII. DISCIPLINARY ACTIONS AND OTHER REMEDIES

Disciplinary actions against members of staff

37. The President shall decide the appropriate disciplinary actions, in accordance with the provisions of Article 38 of the Staff Regulations, taking into account the severity of the offence and any mitigating circumstances.

7 See footnote 5.
38. If a member of the Bank’s governing bodies is implicated, the President, or, as appropriate, the Audit Committee, shall inform the competent decision making body of the Bank.


Remedies against outside parties

40. IG/IN may refer a matter to the appropriate national authorities for further investigation and shall do so when it is a matter for criminal prosecution. This shall be done in consultation or with the assistance of OLAF.

41. The EIB may take other actions it deems appropriate, including, inter alia, as set out in paragraphs 10 and 13.

42. In the event of an investigation by authorized local law enforcement, legal or tax authorities, the IG can decide to await the results of such an inquiry and request a copy of its findings before taking further action.

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