



# European Investment Bank

## The Governance



# The Governance of the European Investment Bank

The European Investment Bank (EIB) is both a European Union (EU) body and a bank. It follows best practice in decision-making, management and controls, as established in the public sector as well as for corporates. This document aims to provide an easy-to-read guide on how the EIB goes about this.

In a nutshell, the EIB is the EU's investment bank, owned by the Member States of the European Union:

- lending to projects in the EU and beyond;
- blending its loans with other EU funds to increase the impact on projects;
- advising on project selection and project design.

To organise this, the Bank relies on three decision-making bodies: the Board of Governors at ministerial level; the Board of Directors, with non-resident members nominated by every Member State; and the Management Committee, the resident executive board of the EIB, chaired by the EIB President.

The EIB has three levels of internal controls, including the independent Audit Committee, but is also answerable to external controls, such as the European Parliament, the European Ombudsman and the European Anti-Fraud Office, OLAF. The EIB is, in some cases, subject to reviews by the Court of Justice or by the Court of Auditors of the EU.

The EIB is a responsible institution, where transparency is the key to good governance. This brochure gives an overview of who governs the EIB, who controls it and how. I hope that it will give you a sense of how the EIB is organised to fulfil its important role in Europe.

Dr Werner Hoyer  
President





# 1. About the European Investment Bank

## 1.1 What is the EIB?

The EIB was created by Articles 129 and 130 of the Treaty establishing the European Economic Community (EEC), signed by six countries (Belgium, France, Germany, Italy, Luxembourg and the Netherlands) on 27 March 1957 in Rome. Its founding objective was to promote sound projects, especially for the development of the less-developed regions, this being financed by borrowing on the international capital markets and from its own resources.

Today, the EIB's core activity is still to support sound investments. The EIB contributes through "lending, blending and advising": that is providing finance, complementing EU finance and giving advice on programme or project design. The mission of the EIB is set out in Article 309 of the Treaty on the Functioning of the European Union (TFEU).

### Article 309 of TFEU

The task of the European Investment Bank shall be 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. For this purpose the Bank shall, operating on a non-profit-making basis, grant loans and give guarantees which facilitate the financing of the following projects in all sectors of the economy:

- (a) projects for developing less-developed regions;
- (b) projects for modernising or converting undertakings or for developing fresh activities called for by the establishment or functioning of the internal market, where these projects are of such a size or nature that they cannot be entirely financed by the various means available in the individual Member States;
- (c) projects of common interest to several Member States which are of such a size or nature that they cannot be entirely financed by the various means available in the individual Member States.

In carrying out its task, the Bank shall facilitate the financing of investment programmes in conjunction with assistance from the Structural Funds and other Union Financial Instruments.

In keeping with the task set out in Article 309 TFEU, the EIB provides funding for large, often transnational projects (including global climate action) or for economic activities that do not have ready access to finance (e.g. in less-developed regions, SMEs) in the territories of Member States. However, by decision of the Board of Governors, the Bank may also grant financing for investment to be carried out outside the territories of Member States.

## 1.2 What is the EIB Group?

The European Investment Bank Group consists of the European Investment Bank (EIB) and the European Investment Fund (EIF).

The EIF was established in 1994 as an EU body with the EIB as its main shareholder. Other shareholders are the EU, represented by the European Commission, and a number of private and public European financial institutions. Its governing principles are laid down in the EIF Statutes and EIF Rules of Procedure, which are separate from the EIB Statute and EIB Rules of Procedure (available on the EIB or EIF websites).

## 1.3 Where are the EIB governance rules defined?

The EIB Statute is drawn up as a Protocol (No 5) annexed to the Treaty on the Functioning of the European Union (TFEU) and the Treaty on European Union (TEU), in the text now resulting from the Treaty of Lisbon, which entered into force on 1 December 2009.

The EIB Statute and the EIB Rules of Procedure provide the specific legal framework for the Bank, describing its organisational structure and its lines of authority as well as its responsibilities:

- the Statute explains who does what, **who decides what** and what sort of voting majority is required for particular types of decision;
- the Rules of Procedure explain **how and when decisions** are taken within the context of the Statute.

In order to be aligned with the new Statute that entered into force on 1 December 2009, the EIB Rules of Procedure were modified by the Board of Governors in May 2010.

## Article 308 of TFEU

The European Investment Bank shall have legal personality.

The members of the European Investment Bank shall be the Member States.

The Statute of the European Investment Bank is laid down in a Protocol annexed to the Treaties. The Council acting unanimously in accordance with a special legislative procedure, at the request of the European Investment Bank and after consulting the European Parliament and the Commission, or on a proposal from the Commission and after consulting the European Parliament and the European Investment Bank, may amend the Statute of the Bank.

### 1.4 Is the EIB an International Financial Institution?

International Financial Institutions (IFIs) are organisations that are owned and jointly governed by a number of countries. The EIB is considered to be one of them, alongside the Bretton Woods institutions (International Monetary Fund, World Bank) and the other multilateral development banks with a regional focus (i.e. those operating primarily on one continent, such as the African Development Bank, the Asian Development Bank or the Inter-American Development Bank). The EIB is one of the few IFIs to operate on several continents, even though it carries out most of its operations in Europe.

### 1.5 Who are the EIB's shareholders?

You cannot buy European Investment Bank shares. The EIB's shareholders are all the Member States of the European Union. Each Member State's share in the Bank's capital is based on that state's economic weight within the EU (in term of the relative size of its GDP) at the time of its accession, although it was capped at a certain level so that the four largest economies (France, Germany, Italy and the United Kingdom) all have the same shareholding. Together with Spain, they represent more than 74% of the EIB's capital.

### 1.6 What is the volume of the EIB's capital?

As at 1 July 2013, the Bank's subscribed capital amounted to more than EUR 243bn. The capital paid in by the shareholders is 8.9% on average of the subscribed capital (EUR 21.6bn).

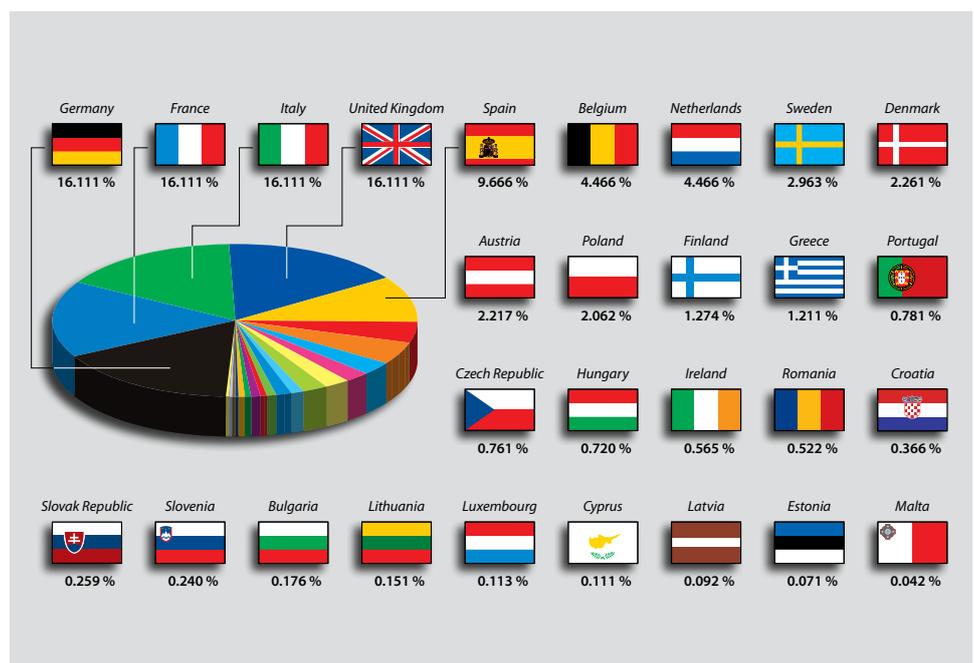
The EIB's capital has gradually increased since the Bank was created:

- because of the accession of new Member States;
- and in order to take account of the development of its activities (as set out in its Statute, the EIB has to keep its gearing ratio below 250%, i.e. it can lend up to two and a half times its subscribed capital).

When the EIB was created, the Member States paid their contribution to the capital in gold or a freely convertible currency, and in national currency and treasury bills.

In the period 1980 to 2009, the EIB used its own reserves to fund the additional paid-in capital required for each capital increase. As a result, the only time when a Member State had to contribute to the EIB's capital during that period was when joining the EU. The reserves are the accumulated surplus resulting from the EIB's activities. In December 2012, the EIB's shareholders approved unanimously a EUR 10bn paid-in capital increase in order to reinforce the capital base of the EIB to support in particular economic growth and job creation.

### EIB's shareholders



## 2. Governance of the EIB

Governance is about the decision-making structure, processes and associated controls. Because the EIB is at the same time an EU body and a bank, it is governed by both public governance and corporate governance principles. We refer to these as "governance".

### 2.1 What are the EIB's governing bodies?

The EIB has four statutory bodies (i.e. those referred to in the EIB Statute):

- **three decision-making bodies:** the Board of Governors, the Board of Directors and the Management Committee;
- **one control body:** the Audit Committee.

The concept of corporate governance traditionally involves a set of relationships between a company's management, board, shareholders and other stakeholders and is a key element in improving economic efficiency and growth as well as enhancing investor confidence.

In addition, corporate governance provides the structure through which company objectives are set, and the means of attaining those objectives and monitoring performance are determined. The presence of an effective corporate governance system, within an individual company and across an economy as a whole, helps to provide a degree of confidence that is necessary for the proper functioning of a market economy.

### Main roles of the governing bodies

GOVERNING BODY	MAIN ROLE	DECISIONS
Board of Governors	<ul style="list-style-type: none"> <li>- Guiding principles</li> <li>- High-level policies</li> <li>- Approval of annual accounts</li> <li>- Appointment and remuneration of members of the other governing bodies</li> </ul>	The Board of Governors lays down credit policy guidelines, approves the annual report and financial statements, gives authorisation, on a country-by-country basis, for the Bank to operate outside the EU and decides on capital increases.
Board of Directors	<ul style="list-style-type: none"> <li>- Approval of financing operations</li> <li>- Approval of policies and the operational strategy</li> <li>- Control of the Management Committee</li> </ul>	The Board of Directors approves every decision to grant finance (e.g. EIB loan or guarantee) and the borrowing programme. It reviews borrowing and treasury operations and exerts control over the activities of the Management Committee.
Management Committee	<ul style="list-style-type: none"> <li>- Day-to-day management of the Bank under the authority of the EIB President</li> </ul>	Management Committee members are solely responsible to the Bank and independent in the performance of their duties. Staff come under the direct authority of the President.
Audit Committee	<ul style="list-style-type: none"> <li>- Auditing of the annual accounts</li> <li>- Verifying that the Bank's activities conform to best banking practice</li> </ul>	The Audit Committee is an independent body, directly answerable to the Board of Governors. It is responsible for verifying that the operations of the Bank have been conducted and its books kept in a proper manner. The Audit Committee is also responsible for auditing the Bank's accounts. It verifies that the Bank's activities conform to best banking practice applicable to it.

## 2.2 How often do the governing bodies meet?

The Governors usually meet once a year. The **Board of Governors** can meet when convened by its Chairman, or at the request of one of its members or of the Board of Directors.

The **Board of Directors** meets no less than six times and normally ten times a year. Board Members also approve the less complex operations by correspondence (written procedure). Board Committees (see 2.8) meet in advance of full Board meetings to review issues in greater detail.

The **Management Committee** meets as and when required by the business of the Bank. It usually meets every week.

It is the **Audit Committee's** practice to meet at regular intervals of four to eight weeks. The Audit Committee meets on average ten times a year for meetings lasting between one and two days. It also takes part in the Annual Meeting of the Board of Governors. An Audit Committee meeting can be convened at the request of the Audit Committee Chairman or by the other members of the Committee acting together.

## 2.3 Who belongs to the EIB's governing bodies?

The **Board of Governors** comprises ministers designated by each of the 28 Member States, usually the Finance Ministers.

The **Board of Directors** consists of 29 Directors, with one Director nominated by each Member State and one by the European Commission. In addition, there are 19 Alternate Directors (some of these positions are shared by groups of states). Furthermore, in order to broaden the Board of Directors' professional expertise in certain fields relevant to the Bank's activities, the Board has made use of the possibility of co-opting six experts (three as members and three as alternate members of the Board), who participate in the Board meetings in an advisory capacity (without voting rights).

The **Management Committee** has one President and eight Vice-Presidents. Traditionally, one member is nominated by each of the largest Member States in terms of their shareholding (France, Germany, Italy and the United Kingdom), with the remaining five being nominated by the other Member States, divided into five country groups ("constituencies").

The **Audit Committee** is composed of six members. In addition, a maximum of three observers may be appointed to assist the Audit Committee.

## 2.4 Who appoints members of the governing bodies and for how long?

The Governors are ministers designated by each EU Member State to participate in the EIB's **Board of Governors**. As a result, their designation is independent of the functioning of the EIB, with changes often occurring after elections or as a result of government reshuffles.

Members of the **Board of Directors** are appointed by the Board of Governors for a renewable period of five years on the basis of nominations by the Member States or the European Commission. Most Board members hold other positions, usually but not exclusively in the public sector (typically within the Ministries of Finance or ministries or national agencies in charge of international cooperation and development). When Board members move to a new position they often make way for their successors and thus resign from the EIB Board. Once appointed and when acting as members of the Board of Directors, they are responsible solely to the Bank.

The nine **Management Committee** members are appointed by the Board of Governors, on a proposal from the Board of Directors, for a renewable period of six years. The constituencies of Member States that jointly nominate members of the Management Committee normally agree among themselves on a system of rotation and the duration of the respective mandates. Members are not all appointed on the same day, which ensures continuity within the Management Committee.

**Audit Committee** members or observers are appointed by the Board of Governors for a non-renewable period of six consecutive financial years. One member is replaced each year.

## 2.5 Who chairs the meetings of the governing bodies?

Chairmanship of the **Board of Governors** is held in rotation among the Governors for one year, according to the order of protocol of the Member States established by the Council of the EU. Therefore, the governing body that appoints the members of the Board of Directors and the members of the Management Committee, and sets out the level of their remuneration, is chaired by someone who does not belong to either the Board of Directors or the Management Committee.

**Board of Governors – Office of Chairman**  
Order of protocol of the Member States established by the Council of the European Union

Belgium; Bulgaria; Czech Republic; Denmark; Germany; Estonia; Ireland; Greece; Spain; France; Croatia; Italy; Cyprus; Latvia; Lithuania; Luxembourg; Hungary; Malta; The Netherlands; Austria; Poland; Portugal; Romania; Slovenia; Slovakia; Finland; Sweden; United Kingdom

The President chairs the meetings of the **Management Committee**. In accordance with the Bank's Statute, the President is also the Chairman of the meetings of the **Board of Directors**, but without the right to vote. The chairmanship of both bodies serves the purpose of guaranteeing continuity in the decision-making between the non-resident Board and the resident Management Committee.

The office of Chairman of the **Audit Committee** is held for one year in rotation by individual members during their last year in office. The Chairman is the focal point for all relations with the Bank and the external auditors.

## 2.6 How are decisions taken by the governing bodies?

Formally, decisions of the **Board of Governors** are taken by a system of double majority. To be adopted, a decision requires a favourable vote of:

1. the majority of the Board members and
2. the majority of the subscribed capital.

Except where otherwise provided in the EIB Statute, decisions of the Board of Governors are taken by a simple majority of its members representing at least 50% of the subscribed capital.

A qualified majority, which is needed in clearly defined areas, requires eighteen votes in favour and 68% of the subscribed capital. Current practice is for the Board of Governors to take decisions by consensus.

Examples: If the Governors of France, Germany, Italy, Spain and the United Kingdom vote in favour of a proposal but everyone else votes against, the proposal is not adopted because, in spite of obtaining a majority of the subscribed capital, it has not been approved by a majority of members. Similarly, if 22 Governors vote in favour of a proposal but not the Governors of France, Germany, Italy, Spain and the United Kingdom, the proposal is not adopted because, although it has been approved by the majority of the Governors, they do not represent the majority of the capital.

On the **Board of Directors**, the 28 Directors nominated by the Member States and the Director nominated by the Commission each have one vote. In the event of absence, they can delegate their vote either to an Alternate or, with some restrictions, to another Director. Decisions are adopted by a double majority. Thus, a favourable vote requires both:

- a majority consisting of **at least one third of the members** entitled to vote, including the Director nominated by the Commission;

- a majority of **at least 50% of the subscribed capital** (the votes are weighted: Directors enjoy a share of the votes proportional to the share of EIB capital subscribed by the nominating Member State. For instance, the Member nominated by Germany holds 16.111% of the votes, while the Member nominated by Malta holds 0.042% of the votes. The Commission's Director has a weighting of 0% of the capital).

In specific cases, a qualified majority is required with at least eighteen votes in favour, representing a minimum of 68% of the subscribed capital.

The double majority ensures that the opinions of minority shareholders (in this case smaller Member States) are taken into account. In practice many decisions are taken by consensus, which ensures that minority shareholders have an even greater influence.

The European Commission is consulted on every operation, and this consultation takes place before the operation is presented to the Board of Directors. If the Commission's opinion on the operation is negative, a unanimous vote of the Board of Directors is required for the operation to be approved. It is very rare for an operation to be approved in this way.

The **Management Committee** is the Bank's permanent collegial decision-making body and acts by majority, for instance when delivering proposals to the Board of Directors. Each of the nine members has one vote. The subscribed capital has no influence and there is no "double majority".

Decisions of the **Audit Committee** are taken by a simple majority vote of its members, except for the statements on the annual accounts and the report on the results of its work during the preceding financial year, which have to be approved unanimously.

## 2.7 Do the members of the governing bodies always meet to take decisions?

Decisions can also be taken between meetings through written procedures and tacit procedures.

In a **written procedure**, the members of a governing body are requested to indicate in writing whether they agree to a particular proposal. Once a sufficient number of responses has been received (according to the rules explained above), then the proposal is adopted.

In a **tacit procedure**, the members of a governing body are presented with a proposal on the understanding that the proposal will be adopted unless a sufficient number of members have indicated by a given date that they do not agree.

## Voting rules applied by the governing bodies

Board of Governors	
Simple majority	Qualified majority
Majority of members representing at least 50% of the subscribed capital.	Qualified majority consisting of 18 votes in favour and representing at least 68% of the subscribed capital.
Unanimity: Abstentions by members present in person or represented may not prevent the adoption of decisions requiring unanimity.	
Board of Directors	
Simple majority	Qualified majority
Majority consisting of at least one third of members entitled to vote and representing at least 50% of the subscribed capital.	Qualified majority consisting of 18 votes in favour and representing at least 68% of the subscribed capital.
Quorum: At least eighteen voting members present.	
Management Committee	
By simple majority of votes cast by members present at a meeting. Each member has one vote. In the event of a tie, the President has the casting vote.	
Quorum: At least five members present.	

### 2.8 How are the Board of Directors' decisions prepared?

All the proposals submitted to the Board of Governors for approval are examined first by the Board of Directors. All the proposals examined or adopted by the Board of Directors are first prepared by the Management Committee.

Three Committees of the Board of Directors analyse the details of certain specific proposals:

- a **Committee on Staff Remuneration** gives non-binding opinions concerning the Bank's staff budget and related issues in preparation for the subsequent decisions in full Board sessions;
- a **Committee on Risk Policy** reviews the design and implementation of the Bank's policies with respect to credit, market and liquidity risks, providing non-binding opinions to the Board of Directors;
- a **Committee on Equity Participation Policy** examines the policy issues linked to the Bank's direct and indirect equity participations.

The three Committees are composed of eight (Committee on Staff Remuneration) or nine members, all of different nationalities. The chairmanship of the Committees is the same as for the Board of Directors.

In parallel, an **Ethics and Compliance Committee** rules on any potential conflict of interest of a member or former member of the Board of Directors or Management Committee. It applies the

<sup>1</sup>Information regarding the remuneration of the governing bodies, top management and staff are available on the EIB website.

legal provisions concerning incompatibility with a member's duties (adopted by the Board of Governors) and informs the Board of Directors and the Board of Governors of its decisions. The main purpose of establishing this Committee was to receive an independent opinion from a group of people who nevertheless understand the functioning of the EIB very well. The Committee is composed of the three longest-serving Directors and of the chairperson of the Audit Committee, with the Chief Compliance Officer attending as an observer and the Secretary General of the EIB acting as the Secretary to the Committee. It is chaired by the longest-serving Director.

### 2.9 How much are members of the EIB's governing bodies paid?<sup>1</sup>

The members of the **Board of Governors** are ministers. Their participation in the Board of Governors is considered to be part of their ministerial duties. Therefore the Governors receive no remuneration from the EIB.

The Directors, Alternates and Experts of the **Board of Directors** receive EUR 600 as a daily fee for attending a meeting and a daily allowance to cover expenses if they have to stay overnight at the place of the meeting. The Bank also reimburses the travel expenses incurred by members of the Board of Directors. This remuneration was decided by the Board of Governors in July 2002 and has not changed since. In addition, some of the Board members who are civil servants are required by national rules to pay the sums received to their national administration. The members of the Board of Directors do not receive a bonus.

According to a rule established in 1958 by the Board of Governors, the **President** of the EIB receives the same pay as the President of the European Commission, and the **Vice-Presidents** of the European Investment Bank receive the same pay as the Vice-Presidents of the European Commission. The President and Vice-Presidents of the EIB do not receive a bonus.

Audit Committee members do not receive remuneration from the Bank. For each meeting of the Committee (normally ten a year) that they attend, members and observers of the **Audit Committee** receive an indemnity of EUR 1,050 a day. In addition, the Bank pays a per diem of EUR 200 as a lump-sum reimbursement for hotel and related expenses incurred by individual Audit Committee members and also reimburses their travel expenses.

### 2.10 Who prepares the meetings of the governing bodies?

As laid down in the Rules of Procedure, the EIB Secretary General is the Secretary for the meetings of the statutory bodies, including the four Board Committees. The Secretary General prepares the agendas, subject to the approval of the chairpersons of these bodies.

The members of the **Board of Governors** must be in possession of the agenda and related documents not less than 20 days before the

meeting. They can add items to the agenda by writing to the chairperson of the Board of Governors up to 15 days before the meeting.

Details of the agenda of the **Board of Directors'** meetings must normally be circulated 15 days before the date set for the meeting. Up to five days before the meeting, each Director can write to the chairperson of the Board of Directors to request that items be added to the agenda.

The agenda for each **Audit Committee** meeting is established by the chairperson of the Audit Committee, in consultation with the Secretary General, at least two weeks before the date of the meeting.

In line with its transparency policy, the EIB publishes on its website:

- a simplified and adapted version of the agenda of **Board of Governors'** meetings at least four days before the meeting, and the summary of decisions taken within ten working days of the meeting;
- a simplified and adapted version of the list of projects to be examined by the **Board of Directors** at least three weeks before the projects are considered for approval, the agenda as of four days before the meeting, and the summary of decisions taken within ten working days of the meeting.





## 3. The decision-making process regarding the Bank's activities

The EIB was created for the purpose of investing in projects that contribute to the realisation of EU policies, primarily inside the European Union and in Candidate Countries. Projects outside Europe can also be supported under special mandates given by the EU Member States and the European Parliament. Traditionally, the EIB has provided loans and guarantees, although its range of activities now also includes advisory services linked to projects (Technical and Financial Advice - TFA), guarantees and (usually indirect) equity participations.

### 3.1 Who decides about EIB operations?

Applications for loans may be made directly to the Bank, or through the European Commission or Member State on whose territory the investment is to be carried out. The Bank cannot finance an investment opposed by a Member State on whose territory it is to be carried out.

The process regarding the decision to grant finance is as follows:

1. At the request of a project promoter that is seeking EIB finance, the relevant EIB staff review the soundness of the project and the related financing proposal and the merits of the project in relation to the EU policy objectives that the EIB promotes. In particular, the project appraisal carried out by the EIB staff addresses the following questions:

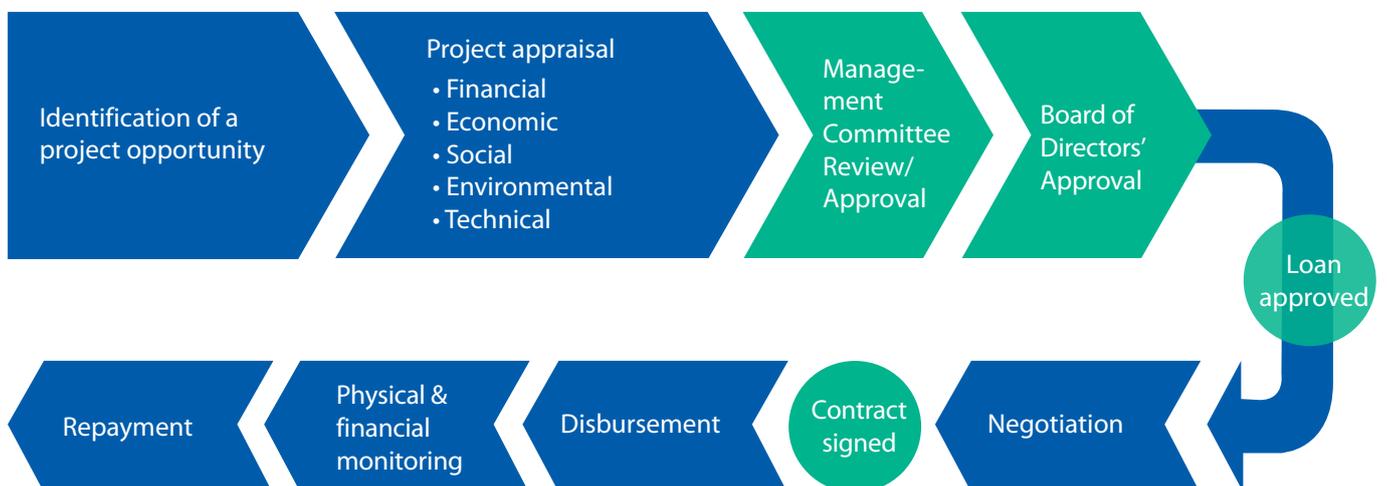
- How does the project fit into the policies defined or supported by the European Union?
- What is the contribution of the project to the economy and to society as a whole? Is the project sustainable from an economic, financial, environmental, social and technical point of view?
- How would the project benefit from EIB involvement, financially or otherwise?
- Is the structure and risk level of the operation acceptable to the EIB?
- Are the contractual terms and conditions proposed by the EIB acceptable to the beneficiary of the loan or investment?

2. On this basis the EIB staff report to the Management Committee, which approves the submission of a financing proposal to the Board of Directors.

3. The Management Committee then presents the operation to the Board of Directors for authorisation. In the event that the European Commission is against a proposed operation (which is rare), then the unanimity of the remaining Board members is required to authorise the operation. The EU country in which the project is located can also veto the Bank's financing, irrespective of the opinion of the Commission and the other Member States. This, of course, is also an extremely rare event.

The EIB will not sign a loan contract until the Board of Directors has formally approved the operation.

### Project Cycle



### 3.2 How are operations monitored once contracts are signed?

Once the finance contract is signed, the Bank will monitor the operation, not only for financial risk purposes but also to see whether the expected benefits of the project materialise. The Operations Evaluation Division of the Bank regularly conducts ex post evaluations of completed projects. The evaluation reports are submitted to the Management Committee and forwarded unchanged to the Board of Directors. Evaluation reports are also published on the EIB website.

In addition, the EIB has at its disposal all the controls that are normally found in a bank. The impact of the operation on the Bank's credit, market and operational risks will have been thoroughly assessed by the Risk Management Directorate. Legal risks are evaluated by the Legal Directorate. The services involved in the operation may see their procedures and specific cases reviewed by Internal Audit, to enhance efficiency.

The EIB Group's Compliance Office reviews the integrity and reputation of the participants in the operation. It also reviews any link that the operation may have with any jurisdiction referred to by the Bank as a "Non-Compliant Jurisdiction" (NCJ), where weaknesses have been identified in the diagnosis, monitoring and suppression of money laundering, the financing of terrorism, fraud or tax evasion. The Bank takes a very strong stance on these issues (see EIB policy towards Non-Compliant Jurisdictions), also as compared to other International Financial Institutions. In addition, if there is a suspicion of fraud in an operation, then the Fraud Investigation Division will investigate, in conjunction, where appropriate, with the EU anti-fraud agency OLAF, which is always informed.

### 3.3 Is there democratic control over the EIB's operations?

Before and after Board approval, operations are subject to a number of checks and balances exercised by democratic authorities.

First of all, the Board of Governors is composed of representatives of democratically elected governments. Secondly, the European Parliament (see below) reports on the activities of the EIB on an annual basis. Thirdly, there are mechanisms that allow individuals to complain about possible maladministration.

If stakeholders consider that the EIB has not examined sufficiently some aspects of a particular project or has committed some other instance of maladministration, they can make use of the internal EIB Complaints Mechanism (by writing to [complaints@eib.org](mailto:complaints@eib.org) or using the online complaints form). The complaint will trigger an independent internal review. If the complainants are not satisfied with the outcome of the complaint investigation or with the relevant measures taken by the EIB, they can lodge a complaint with the European Ombudsman for maladministration. They can also, under certain conditions, file an action with the Court of Justice of the EU. The EIB is the only International Financial Institution that is directly subject to judicial review.

In addition, citizens may alert the government of the country where a project is located and request the Member State to veto the EIB financing.

### 3.4 Who decides on the EIB strategy?

The **Board of Governors** lays down general directives for the Bank, in accordance with the European Union's objectives. It also ensures that these directives are implemented.

The **Board of Directors** approves the three-year Corporate Operational Plan and its budgetary implications. It also defines the required volume of funding to be raised on the capital markets and approves or endorses horizontal policies of the EIB, such as those on the environment, procurement, transparency, fraud and Non-Cooperative Jurisdictions.

### 3.5 How do the Member States interact with the EIB?

The Member States, as shareholders of the Bank, are represented on the Board of Governors, which sets the guidelines for the Bank, acts as an appointing body and, where necessary, sanctions the members of the other statutory bodies. Full members of the Board of Directors have voting rights based on the shareholding of the Member State that nominated them.

Members of the Management Committee, who are also nominated by Member States or groups of Member States, have functional and geographical responsibilities for operations in EU Member States. As part of their duties, they visit Member States frequently to discuss current or future investments.

### 3.6 How does the EIB interact with other EU institutions and bodies?



#### • The European Parliament

Every year, a European Parliament committee reviews the EIB's activities and presents a report to a plenary session of the European Parliament, to which the EIB President is invited. Regular exchanges of views between the Parliament and the EIB also take place throughout the year. This enables the European Parliament to consider the EIB activities in the context of its legislative, budgetary and political responsibilities. At the same time, the EIB keeps abreast of Parliament's concerns and priorities.



#### • The European Council

The European Council maps out the main guidelines for the Union's internal and external policies. The Bank helps, when relevant, to prepare the work of the European Council and informs it of the EIB's contribution to EU objectives and policies. Over the past few years the EIB has also been con-

tributing to economic and financial recovery efforts in the European Union and has growth and employment in Europe as a key objective.



- **The Council of the European Union (also known as the "Council of Ministers")**

The EIB President is invited to attend the meetings of the ECOFIN (Economic and Financial Affairs) Council and the EIB is present at meetings of preparatory bodies, such as the EFC (Economic and Financial Committee), making available its expertise on economic issues and the financing of capital investment. Moreover, the Council of the European Union frequently requests the EIB to implement new initiatives requiring banking or financial instruments, such as mandates to operate outside the EU.

The members of the ECOFIN Council are also, as a general rule, members of the Bank's Board of Governors (i.e. the Finance Ministers of the Member States), thereby ensuring that the EIB's financing policies are consistent with the economic policy of the Union.



- **The European Commission**

The European Commission nominates a member of the Board of Directors and expresses an opinion on every project presented to the Board of Directors. It is also a major shareholder in the European Investment Fund, which is a subsidiary of the EIB.

The European Commission and the EIB Group have established a number of joint programmes (JASPERS, JEREMIE, JESSICA, JASMINE, etc.) as well as programmes together with other public financing institutions. These usually have a shared governance structure.



- **The Court of Justice of the European Union**

The Court of Justice of the European Union rules on any disputes which may arise between the Bank and the Member States and, where necessary, assesses the legality of the decisions taken by the Board of Governors and Board of Directors. The Court may also, if stipulated in the contracts, decide on disputes between the Bank and its borrowers or lenders.



- **The European Central Bank**

The EIB has access to the Eurosystem's liquidity mechanism, which requires the EIB to comply with the relevant requirements, including the requirement to hold minimum reserves with the Eurosystem. These requirements are controlled by the Eurosystem. In practice, this control is currently exercised by the Banque Centrale du Luxembourg.



- **The European Court of Auditors**

In accordance with Article 287(3) of the Treaty on the Functioning of the EU (TFEU), the Court of Auditors can audit loan operations under the mandate conferred by the EU on the Bank as well as the operations managed by the Bank that are guaranteed by the general EU budget. To that end, a tripartite agreement has been adopted by the Commission, the Court of Auditors and the EIB (available on the EIB website).



- **The European Economic and Social Committee**

The EIB has regular contacts with the European Economic and Social Committee (EESC) in order to take account of the Committee's opinions and benefit from the Committee's role as an interface between the EU institutions and civil society.



- **The European Ombudsman**

The European Ombudsman has the power to conduct inquiries concerning instances of maladministration in nearly all the activities of the EU institutions or bodies, including the European Investment Bank. When citizens are not satisfied with the outcome of the internal EIB complaints investigation, they can complain to the European Ombudsman about alleged maladministration. This possibility of upward recourse is unique among International Financial Institutions.



- **The European Data Protection Supervisor**

Like all EU institutions and bodies, the EIB is subject to Regulation (EC) No 45/2001 of 18 December 2000 on the protection of individuals with regard to the processing of personal data by the EU institutions and bodies. This Regulation sets out the rules for the processing of personal data and refers in particular to the rights of data subjects and the obligations of those responsible for processing the data (the "Controllers").

According to this Regulation, each EU institution and body must also appoint at least one person as its Data Protection Officer (DPO). The DPO is the contact person for any questions regarding data protection at the EIB.



- **The European Anti-Fraud Office (OLAF)**

A ruling of 2003 from the Court of Justice of the EU provides the EIB with a legal framework for working in close cooperation with the European Anti-Fraud Office (OLAF) in the fight against fraud and corruption.

### 3.7 What can I do, as a citizen, if I want to give my opinion or enquire about an EIB activity?

There are many opportunities for dialogue between the Bank and citizens. The Bank's Civil Society Division, within the Corporate Responsibility Department, coordinates requests for information about the EIB from civil society organisations, invites those organisations to regular meetings and seminars each year, and consults with them on-site regarding projects that give cause for concern. The Board of Directors also meets once a year with representatives of civil society organisations.

The EIB's InfoDesk is the point of contact for all requests for information and documents or any other enquiry concerning the EIB's role and activities.



## 4. The EIB and best banking practice

The EIB seeks to comply with best banking practices applicable to it, notably in risk management, audit, lending, borrowing and treasury matters. This activity is regularly monitored and updated by the relevant staff and implementation is verified by the Audit Committee.

### 4.1 Does the EIB follow best banking practice in the field of corporate governance?

The EIB's governance is predominantly determined by the rules of the EIB Statute. Where appropriate, the EIB's governance also takes into account the OECD's Principles of Corporate Governance as well as the principles defined by the Basel Committee on Banking Supervision, the European Banking Authority and other proponents of international (corporate) governance guidelines.

The governance of the EIB has similarities with the corporate governance of a commercial bank in that the EIB follows best banking practice in the functioning of its decision-making bodies and the structure and activities of its control functions. It also has similarities with the governance of EU institutions, as the EIB is embedded in the EU institutional framework of transparency and accountability.

### 4.2 Which services of the EIB are responsible for best banking practice in the field of governance?

As corporate secretary, the Secretary General, assisted by Secretariat officers, is responsible for the proper organisation of the decision-making process and more generally the efficient organisation of, and support for, the work of the EIB's governing bodies. The Secretary General is also responsible for ensuring that the decisions taken by the governing bodies are actually implemented and acts as a first point of contact between the governing bodies and the services of the Bank.

The General Secretariat, together with the legal services, prepares changes to the governance set-up of the Bank and monitors compliance with best practice in the field of corporate governance.

### 4.3 What documents are available for finding out more about the EIB's governance?

The key documents establishing or explaining the governance of the Bank are the EU Treaties, the EIB Statute and Rules of Procedure, the Codes of Conduct of the governing bodies, the Annual Report and the Annual Corporate Governance Report, all of which are published on the EIB website. The last of these documents summarises the most important changes and developments in corporate governance arrangements at the EIB, including the composition of the governing bodies.

### 4.4 What can I, as a citizen, do if I have a question about the EIB's governance?

Since the documents organising the Bank's governance are published online, much of the information you may require is likely to be available on the EIB website. The EIB's InfoDesk can be contacted for all requests for general information and documents or any other enquiry concerning the EIB's role and activities ([info@eib.org](mailto:info@eib.org) – +352 4379-22 000).

### 4.5 Can I contact the Bank regarding academic research on topics of relevance to the EIB?

The EIB welcomes such requests as it supports higher education and research activities, particularly in the field of applied economics within Europe, mainly via grants or sponsorships provided through the Knowledge Programme of the EIB Institute.





## Contacts

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