

Anti-Money Laundering and Combating Financing of Terrorism Framework

December 2020



European
Investment
Bank Group

Anti-Money Laundering and Combating Financing of Terrorism Framework

“EIB Group AML-CFT Framework”

December 2020

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1. Introduction

The European Investment Bank Group (“**EIB Group**”), consisting of the European Investment Bank (“**EIB**”) and the European Investment Fund (“**EIF**”), places great emphasis on integrity and good governance and is committed to the highest standards of anti-money laundering (“**AML**”) and combating the financing of terrorism (“**CFT**” and, together with AML, “**AML-CFT**”) in line with the principles and standards of applicable EU legislation, best banking practices¹ and applicable market standards including, where relevant, other international financial institutions’ standards.

This “*EIB Group Anti-Money Laundering and Combating Financing of Terrorism Framework*” (“**EIB Group AML-CFT Framework**”) establishes the key principles regulating AML-CFT and related integrity aspects in EIB Group activities, is complemented by detailed operational procedures implemented by the EIB and EIF for their respective daily operations, and should be read in conjunction with the EIB Group Codes of Conduct and with other relevant EIB Group policies and guidelines (e.g. EIB and EIF Anti-Fraud Policies, EIB Group Policy towards weakly regulated, non-transparent and non-cooperative jurisdictions and tax good governance, EIB Group Sanctions Compliance Policy, EIB Group Whistleblowing Policy), as amended and supplemented from time to time.

Adherence to the EIB Group AML-CFT Framework and its implementing procedures is the shared responsibility of all EIB Group staff and members of governing bodies².

2. Scope

2.1 Objectives

The EIB Group AML-CFT Framework and its implementing procedures are intended to establish principles designed to prevent the EIB Group, its governing bodies, staff and counterparties from being used for, or connected with, Money Laundering, Financing of Terrorism or other criminal activities³.

Adherence to the EIB Group AML-CFT Framework also aims at preventing the EIB Group from being exposed to reputational damage and financial loss in relation to non-compliance with applicable AML-CFT standards.

2.2 Applicability

This EIB Group AML-CFT Framework is applicable to EIB Group operations and activities, as detailed in the applicable implementing procedures from time to time in force.

¹ Art. 12 of the EIB Statute requires compliance with “**Best Banking Practices**”. The Best Banking Practices require compliance with EU AML-CFT Directives (“**AML Directive**”) to the extent that these are applicable to EIB Group activities: Directive (EU) 2018/843 of the European Parliament and of the Council of 30 May 2018 amending Directive (EU) 2015/849 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, and amending Directives 2009/138/EC and 2013/36/EU; Directive (EU) 2015/849 of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, amending Regulation (EU) No 648/2012 of the European Parliament and of the Council, and repealing Directive 2005/60/EC of the European Parliament and of the Council and Commission Directive 2006/70/EC. Art. 18 (1) of the EIB Statute requires that EIB funds be “employed as rationally as possible in the interests of the Union”.

² For the purposes of this Framework governing bodies means the EIB Management Committee and the EIF Chief Executive.

³ See definition in Art. 3 (4) AML Directive.

2.3 Definition of “Money Laundering”

“Money Laundering” is

- (a) the conversion or transfer of property, knowing that such property is derived from criminal activity or from an act of participation in such activity, for the purpose of concealing or disguising the illicit origin of the property or of assisting any person who is involved in the commission of such an activity to evade the legal consequences of that person's action;
- (b) the concealment or disguise of the true nature, source, location, disposition, movement, rights with respect to, or ownership of, property, knowing that such property is derived from criminal activity or from an act of participation in such an activity;
- (c) the acquisition, possession or use of property, knowing, at the time of receipt, that such property was derived from criminal activity or from an act of participation in such an activity;
- (d) participation in, association to commit, attempts to commit and aiding, abetting, facilitating and counselling the commission of any of the actions referred to in foregoing points⁴.

2.4 Definition of “Financing of Terrorism”

“Financing of Terrorism” is the provision or collection of funds, by any means, directly or indirectly, with the intention that they be used or in the knowledge that they are to be used, in full or in part, to commit, or to contribute to the commission of, any of the offences referred to in Articles 3 to 10 of Directive (EU) 2017/541 of 15 March 2017 on combating terrorism. Where the Financing of Terrorism concerns any of the offences laid down in articles 3, 4 and 9 of Directive (EU) 2017/541, it shall not be necessary that the funds be in fact used, in full or in part, to commit, or to contribute to the commission of, any of those offences, nor shall it be required that the offender knows for which specific offence or offences the funds are to be used.⁵

3. Counterparty Due Diligence – Risk-Based Approach

The EIB Group applies the following counterparty due diligence measures, as determined on a risk-sensitive basis taking into account where relevant the type of counterparty, business relationship, product or transaction and country of operation.⁶

3.1 Identification and Verification of Identity of Counterparty

The EIB Group identifies and verifies the identity of the counterparties with which it enters into business relationships on the basis of documents, data or information obtained from reliable independent sources.

⁴ See definition in Art. 1 (3) AML Directive.

⁵ See definition in Art. 1 (5) AML Directive together with Art. 11 of Directive (EU) 2017/541 on combating terrorism and replacing Council Framework Decision 2002/475/JHA and amending Council Decision 2005/671/JHA.

⁶ See Art. 13 AML Directive.

3.2 Identification and Verification of Identity of Beneficial Owner(s)

Whenever the EIB Group is required to identify a counterparty, it identifies and takes reasonable measures to verify the identity of the beneficial owner(s), i.e. the individual(s):

- who (ultimately) own(s) or control(s) the counterparty or its assets; or
- on whose behalf the transaction is carried out or the business relationship with the EIB Group is established.

3.3 Establishment of Purpose of Business Relationship

The EIB Group takes reasonable measures to duly assess the purpose, intended nature, economic rationale and overall AML-CFT and related integrity aspects of the business relationship in order to avoid being involved in business relationships structured for the purposes of criminal activities or co-financed through funds of possibly illicit origin.

3.4 On-going Monitoring

On-going monitoring (including monitoring of transactions) is implemented on a risk-sensitive basis to detect possible Money Laundering, Financing of Terrorism or related integrity risks arising throughout the life of the business relationship.

4. Reporting Obligations

Under the Whistleblowing Policy, the Anti-Fraud Policies and the applicable Codes of Conduct, any member of the EIB Group staff or governing bodies is required to report any suspected incidents of illegal behaviour in the activities of the EIB Group, serious misconduct or serious infringement of the Group's rules, policies or guidelines, or any action which is, or could be, harmful to the mission or reputation of the EIB Group, immediately after becoming aware of the matter.

Suspicious that funds, regardless of the amount involved, are the proceeds of criminal activities or related to Money Laundering or Financing of Terrorism in the activities of the EIB Group, must be reported for assessment and investigation, as appropriate, to the Fraud Investigations Division of the Inspectorate General which will work in close cooperation with the EIB Office of the Chief Compliance Officer and/or EIF compliance function respectively.

The EIB Group has in place Memoranda of Understandings, for the EIB and the EIF with the Financial Intelligence Unit (FIU) of the Grand Duchy of Luxembourg for the reporting of suspicious transactions and activities.

The EIB Group Whistleblowing Policy and applicable Codes of Conduct stipulate that the EIB Group must ensure confidentiality for members of the EIB Group staff and governing bodies who make *bona fide* reports of suspicions of Money Laundering or Financing of Terrorism and that such members of staff and governing bodies will enjoy the assistance and protection of the EIB Group against any acts of retaliation.

Informing the counterparty(ies), or other third parties, that a suspicious transaction is being, will be or has been reported or investigated is prohibited ("**no-tipping off**").

5. Sanctions Compliance

The EIB Group is committed to complying with sanctions that apply to the EIB and the EIF, the EIB Group operations and activities (EU, UN, and as determined by the EIB Group, Sanctions Authorities outside the EU) as per the EIB Group Sanctions Compliance Policy as amended from time to time.

6. Roles and Responsibilities of EIB Group Governing Bodies and Staff

All members of EIB Group staff and governing bodies are under an obligation to implement the principles established in this EIB Group AML-CFT Framework in accordance with the operational terms established in the implementing procedures.

EIB Group staff with counterparty-facing transaction execution/monitoring responsibilities are the first-line of defence and first-line detectors for i) identifying suspicions of criminal activities in relation to counterparties, operations or transactions and ii) reporting them immediately in accordance with Article 4.

7. Record Retention

Records must be kept of all transaction data and data obtained for the purposes of identification, as well as of all documents related to AML-CFT.⁷

8. Data Protection

Personal data submitted to the EIB Group under the EIB Group AML-CFT Framework and its implementing procedures are processed in accordance with Regulation (EU) 2018/1725 of 23 October 2018⁸ (“**Data Protection Regulation**”). The processing of personal data for the purposes of AML-CFT is considered by Directive (EU) 2015/849 to be a matter of public interest and as such, the processing is lawful for the purposes of the Data Protection Regulation⁹.

Data subjects are entitled to access, rectify and, for duly justified reasons, block and erase these data (“**Rights of the Data Subject**”), and may exercise their rights by contacting the Data Controller¹⁰. Data subjects also have the right of recourse to the European Data Protection Supervisor at any time.

Detailed provisions relating to the application of the Data Protection Regulation for AML-CFT purposes are available in the related EIB and EIF Privacy statements available on the respective public website¹¹.

⁷ A 5-year retention period after the end of the business relationship or operation for personal data processed for the purpose of AML-CFT is currently established.

⁸ Regulation (EU) 2018/1725 of the European Parliament and of the Council of 23 October 2018 on the protection of natural persons with regard to the processing of personal data by the Union institutions, bodies, offices and agencies and on the free movement of such data, and repealing Regulation (EC) No 45/2001 and Decision No 1247/2002/EC.

⁹ Art. 43 AML Directive; Art5 (1)(a) Data Protection Regulation.

¹⁰ For EIB Counterparties please refer to dataprotectionofficer@eib.org and for EIF Counterparties please refer to: info@eif.org.

¹¹ BEI: <https://www.eib.org/en/privacy/aml-cft>. FEI: <https://www.eif.org/data-protection>.

9. Training

Adequate AML-CFT training, including on the processing of personal data, is provided as appropriate to EIB Group governing bodies and staff. Such AML-CFT training is provided to all staff, and in addition, specific training, as available from time to time, may be provided to staff responsible for carrying out transactions received or initiated by the EIB Group and/or for initiating and/or establishing business relationships.

10. Review

The EIB Head of Compliance keeps this EIB Group AML-CFT Framework under review in cooperation with the EIB Group services concerned and proposes for approval by the relevant EIB Group management body any appropriate updating in line with EU legal and regulatory development and best banking practices or applicable market standards including where relevant other international financial institutions' standards.

For this purpose, the EIB Head of Compliance regularly consults with peer international financial institutions and EU bodies and closely monitors relevant developments at international level, including through participation in the meetings of standard-setting institutions such as the Financial Action Task Force ("**FATF**") and the OECD Global Forum on Transparency and Exchange of Information for Tax Purposes.

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