European Investment Bank Group

Anti-Money Laundering and Combating Financing of Terrorism Framework

17 January 2018

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("EIB Group AML-CFT Framework")

Revised version: 17 January 2018

Contents

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 practices[1] 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 Policy Towards Weakly Regulated, Non–transparent and Uncooperative Jurisdictions, EIF Policy towards Offshore Financial Centres, EIB and EIF Whistleblowing Policies), 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 bodies[2].

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 activities[3].

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.

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;

[1] Art. 12 of the EIB Statute requires compliance with "**Best Banking Practices**". The Best Banking Practices require compliance with AML-CFT EU Directives to the extent that these are applicable to EIB Group activities (Directive (EU) 2015/849 of the European Parliament and 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, ("Directive (EU) 2015/849") and repealing Directive 2005/60/EC of the European Parliament and of the Council (the 3rd AMLD) 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) Directive (EU) 2015/849, as amended and supplemented from time to time.

(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 points[4].

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.

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] See definition in Art. 1 (3) Directive (EU) 2015/849, as amended and supplemented from time to time.
[5] See definition in Art. 1 (5) Directive (EU) 2015/849, as amended and supplemented from time to time, 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 Directive (EU) 2015/849 (Art. 13), as amended and supplemented from time to time.

4. Reporting Obligations

Under the Whistleblowing Policies, 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 Bank 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.

Suspicions 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 and EIF Whistleblowing Policies 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 comply 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(ies) 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 under the supervision of the Group Chief Compliance Officer ("**GCCO**") (the EIB data controller) for the sole purpose of EIB AML-CFT, and in accordance with (EC) Regulation 45/2001 on the protection of individuals with regard to the processing of personal data by the Community Institutions and Bodies and on the free

[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.

movement of such data ("**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 Regulation[8].

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 EIB Controller[9] by email (occo@eib.org), or telephone (+352 43 79 88 00) (attention of Group Chief Compliance Officer). 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 Annex 1.

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 GCCO 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 GCCO 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.

[8] Article 5 (a): "*processing is necessary for the performance of a task carried out in the public interest (…)*".
[9] For EIF Counterparties please refer to:
http://www.eif.org/attachments/eif_data_protection_statement_financial_intermediaries_due_diligence_en.pdf

Annex 1

Data Protection Statement for EIB Group AML-CFT Requirements under the EIB Group AML-CFT Framework[10]

Dated: 17 January 2018

Personal data submitted to the EIB Group under the EIB Group AML-CFT Framework and its implementing procedures are processed under the supervision of the GCCO (the EIB data controller) in accordance with (EC) Regulation 45/2001 on the protection of individuals with regard to the processing of personal data by the Community Institutions and Bodies and on the free movement of such data ("**Data Protection Regulation**").

The data categories which may be collected by the EIB Group in this context are mainly limited to identification data, data related to criminal activities and/or other miscellaneous business information, and will be collected exclusively for AML-CFT purposes. The processing of personal data for the purpose of AML-CFT is considered by the 4th AML Directive to be a matter of public interest and as such, the processing is lawful for the purposes of the Data Protection Regulation[11].

Data subjects include persons who directly or indirectly own counterparties (or potential counterparties) of the EIB Group, as well as persons entrusted with control and management of such legal entities (e.g. beneficial owners, shareholders, chairpersons, chief executive officers, boards of directors, management committees, supervisory boards, local authority councils or equivalent).

Personal data are collected from the data subject directly or via other publicly available sources ("**Open Sources**") such as newspapers, specialised databases operated by the private sector, specialised external service providers or websites, and all reasonable steps are taken to keep such data accurate and up to date[12]. When data are requested for the purposes of AML-CFT, supply by the data subject is mandatory. Failure to provide the requested data may cause the data subject (and if applicable the counterparty linked to such data subject) to delay the operational processes of the EIB Group or, as the case may be, to become ineligible to enter into a business relationship with the EIB Group.

In accordance with Directive (EU) 2015/849, controls on data subjects include controls relating to due diligence requirements for counterparties (i.e. identity of the beneficial owner(s), ownership and control structure and purpose of the business relationship), as well as for the assessment relating to the Risk Based Approach (i.e. when applicable, qualification of the data subject as a "politically exposed person"[13] or possible administrative and criminal records or proceedings in connection with criminal activities).

Such data subjects are entitled to access, rectify and, for duly justified reasons, to block and erase these data ("**Rights of the Data Subject**"), and may exercise their rights by contacting the EIB Controller[14] by email (occo@eib.org), or telephone (+352 43 79 88 00) (attention of Group Chief Compliance Officer). Data subjects also have the right of recourse to the European Data Protection Supervisor at any time.

[10] All terms defined in this statement have the same meaning as terms defined in the EIB Group AML-CFT Framework.
[11] Article 5 (a): "*processing is necessary for the performance of a task carried out in the public interest (…)*".
[12] Data quality is also ensured by recourse to automated solutions providing up-to-date data automatically selected by market providers. Automated tools have built-in functionalities to avoid confusion linked to e.g. homonymy and transliteration. Data provided by such tools are further screened and cross-checked by EIB Group staff to ensure the adequacy, accuracy and materiality of data in the course of the on-going monitoring throughout the life of the business relationship, without using profiling techniques.
[13] See definition in Art. 3 (9) Directive (EU) 2015/849 as amended and supplemented from time to time.
[14] For EIF Counterparties please refer to:
http://www.eif.org/attachments/eif_data_protection_statement_financial_intermediaries_due_diligence_en.pdf

Restrictions to such Rights of the Data Subject may be imposed in accordance with the provisions of the Data Protection Regulation (Article 20 (1)) and more particularly for the prevention, investigation, detection or prosecution of criminal activities. Such restrictions, if applicable, are dealt with by the GCCO on a case by case basis and will only be applicable for as long as necessary. The data subject, to the extent possible under the Data Protection Regulation, will be informed of the reason why his/her rights are restricted.

Where applicable, the recipients of the data so collected are limited to members of the EIB Group governing bodies, EIB Group internal services, EU institutions and bodies (such as OLAF[15]) as well as, on the basis of a case by case analysis, national authorities including FIUs.

[15] European Anti-Fraud Office

European Investment Bank Group

Information Desk
+352 4379-22000
+352 4379-62000
info@eib.org

European Investment Bank
98-100, boulevard Konrad Adenauer
L-2950 Luxembourg
+352 4379-1
+352 437704
www.eib.org

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