

CORPORATE AND INSTITUTIONAL MATTERS

EIF Compliance Charter

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A. PURPOSE AND SCOPE

The European Investment Fund ("EIF") has been established as an international finance institution and public-private partnership following a decision of the Board of Governors of the European Investment Bank ("EIB").

Together with the EIB, EIF forms the "EIB Group". The Office of the Group Chief Compliance Officer ("GCCO") has issued in November 2005 the "Integrity Policy and Compliance Charter" for the members of the EIB Group, which, inter alia, "underlines the commitment of the EIB Group to a policy of integrity in the performance of its mission".

This compliance charter ("EIF Compliance Charter") to the extent relevant is based on the following framework:

- the guiding principles set out in the Integrity Policy and Compliance Charter of the EIB Group;
- the standards set out for the establishment of a compliance function in the paper of the Basel Committee on Banking Supervision dated April 2005 "Compliance and the compliance function in banks" ("Basel Compliance Paper 2005");
- the standards set out for the corporate governance principles for banks in the paper of the Basel Committee on Banking Supervision dated July 2015 "Corporate governance principles for banks"; and
- the guidelines on internal governance issued by the European Banking Authority dated September 2017.

The EIF Compliance Charter reflects the fundamental principles, roles and responsibilities in relation to the assessment and management of compliance risk within the EIF. EIF Compliance operates within the EIB Group Compliance policy framework.

Furthermore, the Charter constitutes the basic document for the compliance function of EIF ("EIF Compliance") with a view to:

- Identify and assess the compliance risks;
- Assist the EIF's Chief Executive ("CE") and Deputy Chief Executive ("DCE") (CE and DCE are together hereinafter referred to as the "Executive Management") in the management and control of such risks;
- Report directly to the EIF Executive Management, the EIF Audit Board and the EIF Board of Directors, as appropriate, on matters relating to compliance risks; and
- Inform and educate the employees on compliance risks.

The EIF Compliance Charter and all its updates are subject to approval by the EIF Board of Directors and apply, and shall be made available to, all staff and the Executive Management of EIF.

The EIF Compliance Charter is complemented by the EIF Compliance Policy subject to approval by the CE/DCE.

B. STATEMENT OF PRINCIPLE

The management of compliance risk is part of EIF's corporate culture.

EIF emphasises and promotes standards of honesty and integrity.

This is confirmed and reinforced by various policy statements, such as on corporate social responsibility and on corporate governance, rules on public access to documents and transparency as well as EIF conduct rules for its staff and its bodies.¹

The identification of compliance risk, its assessment and appropriate risk response, constitutes an integral part of EIF's approach to business activities.

EIF aims to be compliant with all relevant laws and regulations, internal policies and procedures governing its operations and established best practice guidelines.

C. SCOPE OF COMPLIANCE RISK

Compliance risk is a composite risk comprising:

- Risks related to failure to comply with applicable rules;
- Litigation risk;
- Reputational risk;
- Risk of sanctions;
- Risk of financial loss.

The assessment of compliance risk is laid out in the EIF Compliance Policy.

D. RESPONSIBILITIES AND ORGANISATION

I. GENERAL PRINCIPLES

EIF Compliance operates on the basis of the following standards and principles:

- Independence;
- Objectivity;
- Integrity;
- Competences;
- Authority; and
- Adequacy of resources.

EIF compliance responsibilities are managed by dedicated staff members within EIF Compliance. For relevant compliance issues, EIF Compliance refers to/liaise with:

- The EIF Board of Directors which maintains the oversight of compliance risk;
- The EIF Audit Board;

¹ <http://www.eif.org/about/publications/statement-on-corporate-social-responsibility.htm>
http://www.eif.org/attachments/publications/about/governance_statement.pdf
http://www.eif.org/attachments/publications/about/rules_access_documents.pdf
http://www.eif.org/attachments/about/Staff-Code-of-Conduct/EIF_code_conduct_staff_for%202008.pdf
http://www.eif.org/attachments/about/management/EIF_Codes_of_Conduct_for_CEO_and_DCEO.pdf
http://www.eif.org/attachments/publications/about/bod_code_of_conduct.pdf
<http://www.eif.org/attachments/publications/about/Code%20of%20Conduct%20EIF%20Audit%20Board.pdf>

- The EIF Executive Management:
 - for the effective management of compliance risk;
 - for the set-up of appropriate mechanism and processes to achieve compliance with the Compliance Charter and the Compliance Policy including the appropriate actions if breaches are noted;
 - for timely escalation of compliance incidents;
- More generally, all internal functions in EIF and individual members of staff, as relevant.

In the context of EIB Group's Integrity Policy and Compliance Charter, EIF Compliance maintains a close coordination and cooperation with the GCCO and OCCO with a view to achieve close alignment within the Group Compliance policy framework with respect to all matters relating to the compliance risk.

II. EIF COMPLIANCE

1. Organisation

The Board of Directors of EIF has established the position of a compliance officer ("Head of Compliance") and a permanent and independent compliance function ("EIF Compliance") in order to monitor the implementation of the Compliance Policy and to ensure that it is followed. EIF Compliance identifies, assesses and monitors the compliance risk in EIF.

EIF Compliance is led by the Head of Compliance, who has direct and discretionary access to the EIF Executive Management, Board of Directors and Audit Board (as further disclosed in section II.5 below).

2. EIF Head of Compliance

The Head of Compliance is in charge of coordinating the identification and management of EIF's compliance risk and for supervising the activities of EIF Compliance staff. The Head of Compliance shall have the right to discuss any issue with the EIF Executive Management and the senior management. Furthermore, an escalation procedure must be defined and implemented in order to guarantee the Head of Compliance's right to report significant incidents directly to the EIF Executive Management, the EIF Audit Board, the EIF Board of Directors or its relevant committees.

The Head of Compliance also participates in the meetings of the EIF Board of Directors, unless otherwise decided by the Board of Directors.

The EIF Head of Compliance coordinates closely with the EIB Group Chief Compliance Officer.

3. Specific Compliance Tasks

EIF Compliance shall at least cover the following aspects:

- EIF Compliance has the right to undertake compliance reviews/inquiries into any of EIF's operations at its own initiative, when deemed necessary and subject to the competencies of the EIB Inspectorate General as further specified in Section IV. In such case, EIF Compliance shall have access to all information necessary to carry out its responsibilities, and may benefit from the expertise from other functions within EIF (e.g. legal department, internal audit, etc.).

- EIF Compliance may also have recourse to the expertise or technical means of third parties outside EIF or within the EIB Group, for certain specific or technical aspects. If any third party accesses confidential information, it must be subject to adequate supervision and / or execution of a confidentiality agreement.
- In accordance with the EIF Anti-Fraud Policy (as amended or restated from time to time or integrated into a Group Policy), and related interinstitutional agreements and procedural frameworks, EIF Compliance cooperates closely with EIB Inspectorate General (“IG”)/Fraud Investigations Division of IG (“IN”) where its findings are linked to the competencies of EIF Compliance. Any suspicions of Prohibited Conduct will be reported promptly to IG/IN. The results of fraud investigations and complaints analysis performed by the IG are key reputation indicators.
- Furthermore, the remit of EIF Compliance includes data protection in the meaning of Article 24 of the Regulation (EC) no. 45/2001 (as amended or restated from time to time). The EIF Data Protection Officer is a staff member of EIF Compliance. He/She benefits from full independence on issues within the remit of this role as defined in the Regulation (EC) no. 45/2001 and reports on data protection issues to the Head of Compliance and directly to the EIF Executive Management and/or Board of Directors or the European Data Protection Supervisor at his/her sole discretion.

4. Permanence and Independence

Independence is a core principle for compliance risk assessment. EIF Compliance is independent from any administrative or business function within EIF in order to carry out its work freely and objectively on a permanent basis. EIF Compliance is not subject to instructions from EIF bodies or management when performing its assessment of compliance-related issues. It acts in full independence from any EIF stakeholder or promoter of any mandate under which EIF is operating.

Independence is achieved through organisational status and direct reporting to the EIF Executive Management, and if necessary, the EIF Audit Board and the EIF Board of Directors. EIF Executive Management shall aim that sufficient human and technical resources are allocated to EIF Compliance to enable EIF Compliance to carry out its responsibilities in an adequate and permanent manner.

The following principles apply:

- According to the organisational structure of EIF, EIF Compliance is hierarchically linked and reports directly to the EIF Executive Management. It is authorised to perform its role and responsibilities at its own initiative. Escalation to the EIF Audit Board or the EIF Board of Directors is allowed, as deemed necessary.
- The second (compliance) and the third line of defence (internal audit) within the governance model of EIF relevant to compliance risks are fully separated.

In order to warrant objectivity, any conflicts of interest must be avoided. Staff members employed directly within EIF Compliance may not assume any tasks which are part of administrative or operational tasks in EIF.

5. Reporting

The Head of Compliance may freely escalate compliance matters directly to the Board of Directors or the EIF Audit Board on an ad hoc basis. Furthermore, the Board of Directors and the Audit Board are regularly and at least twice a year, kept informed of compliance matters and the overall activity of EIF Compliance, indicating in particular

whether appropriate remedial measures have been taken in the event of any deficiencies.

The Head of Compliance holds at least one private session per year with the EIF Board of Directors and, in addition, with the EIF Audit Board.

The Head of Compliance keeps the EIB Group Chief Compliance Officer informed about important compliance matters when relevant for Group Compliance.

6. Access to information, confidentiality & right to be informed

EIF Compliance:

- Has access to any information considered necessary for the performance of its tasks;
- Has the right to ask questions and otherwise request such information and explanations as deemed necessary or useful for the performance of its tasks;
- More specifically, EIF Compliance may inquire on conduct compliance matters, in particular in connection with behavioural obligations under the applicable code of conduct, it being understood that any such inquiry will follow strict procedural parameters.

It is part of EIF's professional standards to inform EIF Compliance if a potential compliance risk is identified.

III. EIB GROUP COMPLIANCE

Compliance issues with relevance to EIB Group are identified and assessed by the GCCO. The compliance functions in both institutions continuously co-operate, co-ordinate and maintain a mutual flow of information on policies, standards and individual compliance-related issues with potential relevance for EIB Group.

In particular, the GCCO co-ordinates the identification, assessment and monitoring of compliance risk on the level of EIB Group under the terms of an inter-service Memorandum of Understanding, as amended from time to time.

The GCCO is responsible for the oversight on the Group compliance issues in accordance with applicable best banking/market practices.

IV. EIB INSPECTORATE GENERAL

IG, acting on behalf of EIF as the central EIB Group investigation service through IN, and working in close collaboration and full transparency with European Anti-Fraud Office ("OLAF"), shall be responsible for:

- a. Receiving reports of alleged or suspected prohibited conduct involving the EIF's activities or the members of the governing bodies and staff of EIF;
- b. Investigating such matters and cooperating directly with OLAF in order to facilitate the latter's investigations;
- c. Reporting its findings to the Chief Executive, OLAF and the EIF Audit Board which has an oversight function, as well as any other staff member on a need-to-know basis.

IG, through IN, will also carry out Proactive Integrity Reviews independently as per the EIF Anti-Fraud Policy (as amended or restated from time to time or integrated into a

Group Policy), with the objective to prevent and detect prohibited conduct at an early stage.

IG acting through its Complaints Mechanism Division shall also be responsible for handling of all complaints of alleged maladministration lodged against the EIF.

V. USE OF EXTERNAL EXPERTS

EIF Compliance has the right to use expertise external to EIF for certain specific or technical issues, but retains responsibility for any sub-outsourced or partially sub-outsourced assignments. Third parties' access to confidential information must be subject to appropriate contractual and legal safeguards.

VI. IMPLEMENTATION AND PUBLICATION

This EIF Compliance Charter was approved by the EIF Board of Directors on 13 November 2017). It replaces the previous Compliance Charter dated May 2009 in its entirety. The EIF Compliance Charter is periodically updated and the latest version is published on the EIF website.