



## Decision on how the European Investment Bank (EIB) handled the move of a former Vice-President to an energy utility company that had received EIB loans (1016/2021/KR)

Decision

**Case** 1016/2021/KR - **Opened on** 23/06/2021 - **Decision on** 27/07/2022 - **Institution concerned** European Investment Bank ( No further inquiries justified ) |

The case concerned the decision of the European Investment Bank to approve a request made by a former vice-president and member of its Management Committee (MC) (the 'former VP') to become a non-executive board member of a Spanish energy utility company, which received loans from the EIB.

The complainants, two Members of the European Parliament, raised concerns that the move gave rise to the risk of conflicts of interest. The EIB argued that the former VP had not been involved in the negotiation and implementation of the financing agreements between the EIB and the company.

The Ombudsman found that, in approving the move, the EIB did not properly manage the risk of conflicts of interest to which the former VP's request arguably gave rise. However, given the EIB has, in the meantime, made improvements to the relevant ethics rules to address these matters, the Ombudsman determined that no further inquiries were justified.

Nonetheless, the Ombudsman made suggestions for improvement with a view to strengthening how the EIB assesses 'revolving door' moves by members of its MC to the private sector, and how it ensures compliance where its Ethics and Compliance Committee authorises a move but applies conditions on the individual and their activities.

### 1. Background to the complaint

**1.** The European Investment Bank (EIB) is the biggest multilateral financial institution in the world and provides major financial support for climate action and environmental sustainability. [1]

**2.** The case concerns the move of a former EIB vice-president and member of its Management Committee (MC) (the 'former VP') to Iberdrola España S.A.U. (the 'company') [2], where the former VP became a non-executive board member in 2021. The company is a sub-holding company of Iberdrola S.A (the 'parent company'). The parent company is a transnational energy and utility company.



**3.** During her mandate, between 1 June 2018 to 15 October 2020, the former VP was responsible for the EIB's financing operations in Spain, Portugal, Latin America, the Caribbean States and the Community of Latin American and Caribbean States (CELAC), Morocco, Tunisia and Algeria. The former VP also had responsibility for the EIB's work on the climate crisis and the environment, as well as the 'circular economy' [3] and the 'blue economy' [4].

**4.** During that period, the parent holding company, received more than EUR 1 billion in loans from the EIB (see annex 1) and the former VP was present at the signing ceremonies for those financing agreements. The EIB is an important lender to the parent company, and also concluded financing agreements with the parent company both prior to the former VP's mandate and since her mandate ended.

**5.** In 2020, shortly after her mandate ended, the former VP asked the EIB to grant her approval to take up a post with the company. The EIB's Ethics and Compliance Committee (ECC), which is responsible for reviewing and taking decisions on requests by current or recent former members of its MC or its Board of Directors to take up positions in the private sector, reviewed the move and granted its approval, subject to certain conditions. [5] The former VP took up the post in January 2021. [6]

**6.** In March 2021, a group of Members of the European Parliament (MEPs) wrote to the EIB about their concerns in relation to the new role of the former VP with the company. Dissatisfied with the EIB's reply, two of the MEPs [7] turned to the Ombudsman on 28 May 2021.

2. The inquiry

**7.** The Ombudsman opened an inquiry to examine the EIB's decision to approve, with conditions, the former VP's new job, which involved an examination of the EIB's ethics rules.

**8.** In the course of the inquiry, the Ombudsman received the formal reply [8] of the EIB to the Ombudsman's request [9] and the Ombudsman inquiry team also inspected the EIB's file on this case. In addition, the Ombudsman inquiry team met with representatives of the EIB to clarify certain matters related to the inspection. [10]

**9.** While the inquiry was ongoing, the EIB Board of Governors adopted a new code of conduct for the MC. [11]

3. Assessing risks of conflicts of interest

## **a. Arguments presented by the complainants**

**10.** The complainants argued that the move by the former VP, within three months of her mandate ending, to a senior position in a company that had received EIB loans raised conflict of interest concerns (actual, potential and perceived). They argued that the conditions imposed to mitigate potential conflicts of interest, which the EIB referred to in its reply to the complainants, fell short of those required under the MC's code of conduct [12].

**11.** The complainants further argued that the EIB's rules governing conflicts of interest of the



EIB's highest office holders are not fit-for-purpose. In particular, the complainants thought it an inherent conflict that members of the MC may:

- maintain overall responsibility for institutional relations with their constituencies and contribute to business development in the interest of the EIB;
- not use their position or authority in this capacity to be involved in individual project negotiations and implementation. [13]

These provisions, the complainants argued, mean that members of the MC are still “politically” responsible, even if the negotiation of the conditions, as well as the implementation of financing agreements, are done by EIB staff members, rather than by the MC itself.

**12.** The complainants referred to a European Parliament resolution on the EIB's annual activities in 2020 [14], which expressed concern that the eight EIB vice-presidents, in addition to their sectoral responsibilities, oversee project proposals from their home countries, alongside other country responsibilities. Previously, the Parliament had requested the EIB to include in the MC's code of conduct a provision excluding the possibility of MC members overseeing lending or the implementation of projects in their home countries. The resolution also called on the EIB to evaluate the need to further improve its rules and practices regarding conflicts of interest. [15]

## **b. Arguments presented by the EIB**

### *Regarding actual conflicts of interest*

**13.** The EIB stated that the former VP had been involved in the relevant financing agreements in a ceremonial capacity only [16]. The EIB stated that members of the MC are precluded from taking part in individual project negotiation and implementation [17], and that EIB staff members are responsible for the negotiation of the conditions of and the implementation of financing agreements. The EIB's governing bodies are not directly involved in the negotiation or implementation.

**14.** Furthermore, the EIB stated that initial decisions on whether to grant loans are taken by the Board of Directors and not by the MC. [18] If there is a need to subsequently change the terms set out in such decisions during the negotiation or implementation phases of financing agreements, depending on their nature, such changes may be approved by either the relevant EIB staff members, the MC or by the board. Where the MC is involved in approving changes to the standard contractual terms or conditions of financing agreements, it adopts the decision as a collegiate body. Further, the EIB stated that the requirement in the MC code of conduct, whereby members should not use their position or authority in this capacity to be involved in individual project negotiations and implementation, continued to apply. [19]

**15.** As such, the EIB argued that, since the former VP was not directly involved in negotiating or implementing financing agreements and as she remained subject to the obligation of independence in the MC code of conduct, there was no actual conflict of interests.



### *Regarding potential conflicts of interest*

**16.** The EIB stated that the ECC concluded that the former VP's appointment as a non-executive, independent member to the board of the company did not raise specific concerns of potential conflicts of interest, as long as the former VP complied with the following conditions:

(i) Abstain from any business relations with the EIB Group during the 12-month 'cooling-off' period that was applicable at the time [20] .

(ii) During the cooling-off period, abstain from lobbying activities towards EIB Group governing bodies and staff on matters covered by her portfolio of activities during her mandate.

(iii) Inform the company's board of these requirements.

**17.** Furthermore, the ECC recommended that the parent company should not restrict the former VP from declaring any personal conflict of interest situation to them arising during the cooling-off period. In addition, the ECC recommended developing a communication strategy to address any risk of public criticism and to avoid any reputational risk.

### *Regarding perceived conflicts of interest*

**18.** The EIB also argued that the former VP's move could not be perceived as a conflict of interest because:

- The company is a sub-holding company of the parent company that has financing agreements with the EIB, and is not itself a financing partner (it is the parent company that acts as the guarantor for the loans).
- The former VP's future role was as a non-executive and independent director, which would not require her to participate in, nor provide her with any powers over, any decisions relating to the financing of the company's projects. Hence, the former VP would not be involved in decisions relating to EIB Group projects.

**19.** Concerned that there might be public criticism of its decision and possible reputational risk, the ECC recommended developing a communication strategy to address any such criticism and to avoid any possible reputational risk.

**20.** Taking into consideration the above and the EIB Group's Information Classification Policy to share documents based on their sensitivity and only with staff members for whom the information is relevant, the decision of the ECC was shared with the EIB's Secretary-General, the CCO, the Head of the Communications Department and the Director of the EIB's Governing Bodies Department.

## **c. The Ombudsman's assessment**



**21.** Former public officials have a fundamental right to engage in work after their mandate ends. However, this right must be balanced against the risks that any such moves may pose to the interests of the EU institution and the public interest. There is also a need to take into account the public perception of such moves for the reputation of the EU administration. This is particularly important for potential moves by high-ranking public officials.

**22.** 'Revolving door' moves to the private sector by current high-ranking public officials, as well as those that have recently left office, should be properly assessed to determine whether they give rise to the risks of actual, potential or perceived conflicts of interest. According to the rules in force in the EIB at the time [21], MC members or former MC members who had left office within the previous 12 months were obliged to request approval for such moves. The ECC then assessed such moves.

*Regarding actual conflicts of interest*

**24.** An actual conflict of interest occurs when a public official's ability to carry out their tasks in the public interest may be impaired due to personal interests. As such, if a public official is aware of the prospect of post-employment activity before the end of their term, this could pose the risk of an actual conflict of interest for any activities in relation to the prospective future employer while still in office.

**25.** The Ombudsman's inquiry revealed that neither the Chief Compliance Officer, who prepares a preliminary opinion of the request, nor the ECC, had sought to establish from what moment onwards the former VP had been aware of the prospect of the post-mandate activity with the company. The Ombudsman takes the view that, in order to properly assess the risk of an actual conflict of interest, the EIB should have established when the prospect emerged.

**26.** The EIB argued that there was no risk of an actual conflict of interest because the post was with a sub-holding company, and not the parent company and EIB's financing partner. However, the Ombudsman's inquiry demonstrated that it was the parent company itself that had offered the former VP the post with the company, and that the EIB was aware of this. The Ombudsman believes that the fact that the offer was made by parent company itself could be perceived as creating the risk of a conflict of interest. As a result, it was all the more pertinent for the EIB to establish from what moment onwards the former VP was aware of the prospective position.

**27.** While it was regrettable that the ECC did not seek to establish when the former VP first became aware of the prospective offer, the Ombudsman notes that the revised MC code of conduct includes provisions that should mitigate this occurring in the future. In particular, members of the MC must now notify the ECC "*in good time*" and seek the ECC's approval "*as soon as any negotiations concerning any prospective employment and the acceptance of professional positions are under way*". [22] In addition, members of the MC must recuse themselves from involvement in or influence on matters related to that prospective employer.



**28.** In the context of the Ombudsman's inquiry, the EIB confirmed that the Board of Directors takes the initial decision on whether to grant financing, and it did *not* delegate any of its functions to the MC in relation to any of the financing agreements with Iberdrola, during the mandate of the former VP. While the MC was responsible for approving a change of the terms to one financing agreement involving funding to an Iberdrola entity, the MC was not involved in the negotiation of the *specific* conditions concerning the individual project. This was done by the responsible EIB teams and then approved by the MC as a collegiate body by 'tacit procedure' [23] .

**29.** It emerged during the inquiry that recusals of members of the MC, due to a potential conflict of interest, are not recorded in the context of MC decisions to approve changes to financing agreements using the tacit procedure. The EIB argued this is not necessary, since individual members of the MC may not take part in the negotiation or implementation phases of projects [24] . The Ombudsman takes the view that the EIB should consider introducing a mechanism to record recusals of MC members when using this form of written procedure. **The Ombudsman will make a suggestion for improvement to address this.**

*Regarding potential conflicts of interest*

**30.** Potential conflicts of interest concern situations where a (former) public official has personal interests that are such that a conflict of interest would arise if the official were to become involved in certain activities in the future.

**31.** In this case, the conditions set out by the ECC in approving the move sought to mitigate the risks of potential conflicts of interest. These conditions included notably that the former VP could not engage in any business relations or lobbying activity vis-a-vis the EIB for a period of one year from the end of her mandate.

**32.** In order to be effective, EIB staff members should be advised to flag a breach, were the former VP to contact them. The Ombudsman's inquiry demonstrated that the decision approving the move, and the conditions, was shared only with four senior managers, and not communicated more widely due to "confidentiality concerns". This meant that crucial sections of the EIB were not aware of the conditions, for example the teams in the EIB responsible for negotiating and implementing financing agreements with Iberdrola. The decision was also not shared with the MC. The Ombudsman fails to see why the EIB would not have shared the ECC's decision more widely among relevant staff members in order to ensure that compliance with the conditions could be monitored more effectively.

**33.** In the context of the Ombudsman's inquiry, the EIB also acknowledged that it had not sought to verify whether the former VP had notified the company of the conditions, as required by the ECC decision, nor did it verify whether she had notified the company of any personal conflicts of interest.

**34.** The Ombudsman notes that ECC's operating rules include that: "*The ECC shall take follow up action to confirm that its decisions have been complied with by their addressees.*" [25]



Consequently, as a minimum, the EIB should have required the former VP to submit evidence that the conditions imposed in the ECC's decision were in fact shared with the company. **The Ombudsman will make a suggestion for improvement to address this.**

#### *Regarding perceived conflicts of interest*

**35.** A perceived risk of conflict of interest exists when it appears that a public official's personal interests could improperly influence the performance of their duties but this may in fact not be the case.

**36.** In its decision approving the move, the ECC acknowledged the risk of reputational damage and public criticism by recommending a communication strategy be developed. This was likely because of the risk of perceived conflicts of interest related to the former VP taking up the role with the company during the cooling-off period.

**37.** Despite the explanations given by the EIB as to why there was no actual or potential conflict of interest, the fact that the former VP was involved in public ceremonies for the signature of financing agreements between the EIB and the parent company, whose sub-holding company she subsequently joined, could create a public perception of conflict of interest. The fact that members of the MC are not directly involved in the details of the negotiations or implementation of such agreements will not be evident to the general public and thus not mitigate this perception.

**38.** The Ombudsman considers that transparency around decisions to approve revolving door moves can help mitigate the public perception of potential conflicts of interest. In this case, the ECC's decision did not go into detail on the risks of conflicts of interest, and was shared only with a few senior managers. ECC's decisions should include all of the reasons why the EIB is of the view that no conflict of interest (actual, potential or perceived) exists. Making ECC decisions public shortly after they are adopted could also enhance public scrutiny of the conditions imposed, which can improve compliance. The Ombudsman notes that the European Commission does this for decisions concerning post-mandate activities of former commissioners, for example. [26] In this context, **she will make a suggestion for improvement.**

**39.** In deciding to approve the move, it was the ECC's responsibility to impose any terms and conditions to mitigate or remove any risk of conflict of interest during the cooling-off period. By recommending the *ex post* development of a communication strategy that was to be shared with the former VP, the ECC acknowledged the potential reputational risk. In the view of the Ombudsman, this indicates an implicit acknowledgement by the ECC that it did not have all the information it needed and that its decision may not have contained sufficient conditions to mitigate the risk of conflicts of interest. The Ombudsman is of the view that, in future, ECC decisions should accurately reflect the relevant responsibilities and the actions that should be taken by the EIB to mitigate perceived risks of conflicts of interest.

#### *Conclusions*



**40.** From the above, the Ombudsman concludes that **the EIB did not conduct a sufficiently thorough examination as to whether the request from the former VP involved the risk of conflicts of interest**. The Ombudsman also considers that the ECC's decision did not include sufficient provisions to mitigate the risk of reputational damage from perceived conflicts of interest resulting from its decision to approve the move during the cooling-off period.

In the Ombudsman's view, this indicates that **the EIB did not properly manage the risk of conflicts of interest to which the former VP's request arguably gave rise** at the time of the ECC decision. However, given the EIB has in the meantime made improvements to the relevant ethics rules to address these matters, the Ombudsman finds that no further inquiries are justified into this matter.

4. Revision of the MC code of conduct

## **a. Arguments presented by the EIB**

**41.** In August 2021, the EIB stated that it updated its MC code of conduct [27] based among other reasons on suggestions [28] made by the Ombudsman and the European Parliament.

**42.** The EIB said that concerns raised by the European Ombudsman had been taken into account, for example by:

- Adding a statement on the EIB Group 'core values' and obligations deriving from those values. [29]
- Improving the provisions on independence and prohibited conduct, among other areas. [30] For example in relation to 'independence', members of the MC are now required to perform their official duties in a manner that preserves and enhances public confidence in their integrity and that of the EIB.
- Clarifying and providing guidance on concepts of actual, potential and perceived conflict of interest situations, including on related disclosure requirements and the applicable procedure. The updated version of the code of conduct sets out the situations that can give rise to an actual, potential or perceived conflict of interest and requires that they must be avoided. In cases where a conflict of interest cannot be avoided, adequate steps need to be taken to manage it. [31]
- Clarifying the extent of internal and external relations, including on the nature of outside activities not connected to the EIB's work and political activities. [32]
- Reinforcing the provisions on prospective employment and activities during the cooling-off period. For example, the cooling-off period has been extended from 12 to 24 months for members of the MC. The updated provisions also set out precisely when applications for prior authorisation need to be submitted to the ECC. [33]

## **b. The Ombudsman's assessment**

**43.** The changes to the MC Code of Conduct are welcome and go some way to addressing the concerns raised by this complaint.





**44.** A number of newly introduced provisions in the revised code of conduct aim to mitigate risks of conflicts of interest concerning the prospective future employment of members or recent former members. For example, members of the MC must:

- Notify the ECC “*in good time*” and seek the ECC’s approval “*as soon as any negotiations concerning any prospective employment and the acceptance of professional positions are under way*” . [34]
- Recuse themselves from involvement in or influence on matters related to that prospective employer.
- As soon as any future employment has been accepted, members of the MC must inform the EIB’s Secretary-General.

Furthermore, the revised code clarifies the circumstances in which conflicts of interest could arise and reinforces the requirement that former members of the MC must comply with the obligations not only during their mandate but also afterwards. [35]

**45.** Under the code, the ECC makes *inter alia* decisions on any matter related to conflicts of interest of :

- a member of the Board of Directors or of the Management Committee;
- a former member of the Board of Directors or of the Management Committee during to the cooling-off period; and
- a member or an observer of the Audit Committee. [36]

**46.** The ECC is composed of the four longest-serving members of the Board of Directors, who participate on a voluntary basis, along with the chair of the EIB Audit Committee. It is therefore *solely* composed of persons that serve on a decision-making or control body of the EIB. These individuals may therefore be required to request approval for post-employment activities at the end of their own mandates. This could affect the objective and impartial decision-making of the ECC, or be perceived to do so. [37] **The Ombudsman will make a suggestion to address this.**

**47.** Furthermore, the Ombudsman takes the view that any rules are only as strong as their application and enforcement, and she therefore intends to monitor how the EIB applies the MC code of conduct.

#### 5. Conclusions

Based on the inquiry, the Ombudsman closes this case with the following conclusion(s)/finding(s):

**The EIB did not properly manage the risk of conflicts of interest, which arose from the request of the former VP to take up a position with the company during her cooling-off period.**

**However, as the EIB has in the meantime made improvements to the relevant ethics rules, the Ombudsman closes her inquiry with the conclusion that no further inquiries are justified**

**The EIB should take a more robust approach to revolving door moves of the members**



of its MC to private sector jobs related to matters on which they worked while in the service of the EIB.

The complainants and the EIB will be informed of this decision .

6. Suggestions for improvement

**To improve monitoring and enforcement of the compliance with conditions imposed by the ECC in relation to the post-mandate activities of the members of its MC, the EIB should make ECC decisions public shortly after they are adopted.**

**As a minimum, the EIB should require former members of its MC whose post-mandate activities are subject to conditions, to submit evidence that the restrictions imposed in the ECC's decision were in fact shared with their new employer.**

**The EIB should consider broadening the membership of the ECC to include members with valuable experience from outside the EIB (for example former judges of the Court of Justice of the EU or former members of the Court of Auditors).**

**The EIB should amend its record-keeping practice for meetings of the MC, so that, where MC members recuse themselves from decisions taken using the tacit approval procedure because they consider themselves to be at risk of a potential conflict of interest, such recusals should be formally recorded, as they are for recusals in other procedures.**

Emily O'Reilly

European Ombudsman

Strasbourg, 27/07/2022

[1] See:

<https://www.eib.org/en/about/priorities/index.htm#:~:text=The%20European%20Investment%20Bank%20>

[2] The company's main objective includes ensuring the compliance of operations in Spain with the policies, strategies and general guidelines of the parent company. For information on the corporate structure, see:

[https://www.iberdrola.com/documents/20125/42031/infografia\\_sociedades\\_eng.pdf/2ec462c7-f4b1-5d1](https://www.iberdrola.com/documents/20125/42031/infografia_sociedades_eng.pdf/2ec462c7-f4b1-5d1)

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[3] A model of production and consumption that involves sharing, leasing, reusing, repairing, refurbishing and recycling existing materials and products as long as possible

[4] The concept of 'blue economy' relates to the exploitation and preservation of the marine



environment.

[5] See Annex II for full details on the EIB's ethics rules and how it deals with 'revolving door' moves.

[6] See Annex III for a full timeline of the sequence of events surrounding the conclusion of financing agreements with the parent company and the procedure by which the former VP took up the role with the company.

[7] While the inquiry was ongoing, one of the MEPs resigned from the European Parliament to take up a position in national politics.

[8] See: <https://www.ombudsman.europa.eu/en/doc/correspondence/en/149495> .

[9] See: <https://www.ombudsman.europa.eu/en/doc/correspondence/en/143451> .

[10] See: <https://www.ombudsman.europa.eu/en/doc/inspection-report/en/156599> .

[11] See: <https://www.ombudsman.europa.eu/pdf/en/156599> .

[12] See: [https://www.eib.org/attachments/thematic/code\\_conduct\\_MC\\_en.pdf](https://www.eib.org/attachments/thematic/code_conduct_MC_en.pdf) .

[13] See: Article 1.5. of the MC Code of Conduct, see footnote 12.

[14] <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52021IP0331>

[15] See: [https://www.europarl.europa.eu/doceo/document/TA-9-2021-0331\\_EN.pdf](https://www.europarl.europa.eu/doceo/document/TA-9-2021-0331_EN.pdf) . The Ombudsman notes the European Parliament's 2021 annual report on the Financial activities of the EIB, in which Parliament urges the EIB to avoid post-mandate activities without a sufficient cooling-off period, to avoid risks of damaging its reputation and independence.

[16] See Annex III.

[17] In accordance with Article 1.2 of the MC Code of Conduct, see footnote 12.

[18] In line with Article 9(1) of the EIB Statute, see:  
[https://www.eib.org/attachments/general/statute/eib\\_statute\\_2020\\_03\\_01\\_en.pdf](https://www.eib.org/attachments/general/statute/eib_statute_2020_03_01_en.pdf) .

[19] See: Article 1.5. of the MC Code of Conduct, see footnote 12.

[20] The new MC code of conduct includes a 24-month cooling off period.

[21] As noted above, the rules were updated in 2021. Among other things, the update extended the period of time of the 'cooling-off period' to 24 months.

[22] See Article 6.1,



[23] Through the 'tacit procedure' changes after the board's approval are agreed by the MC if none of the members of the MC objects to the procedure before a given deadline.

[24] In accordance with Article 1.5 of the MC code of conduct, see <https://www.eib.org/en/publications/management-committee-code-of-conduct> .

[25] See Article 1.1.2:  
[https://www.eib.org/attachments/general/operating\\_rules\\_ethics\\_and\\_compliance\\_en.pdf](https://www.eib.org/attachments/general/operating_rules_ethics_and_compliance_en.pdf) .

[26] See:  
<https://ec.europa.eu/info/about-european-commission/service-standards-and-principles/ethics-and-goo>  
.

[27] See:  
<https://www.eib.org/en/publications/code-of-conduct-of-the-management-committee> .

[28] See: <https://www.ombudsman.europa.eu/en/case/en/48418> .

[29] See Article 1.3 'Core values' (see link in footnote 27).

[30] See Articles 2.2 to 2.5.

[31] See Article 2.6 'Conflict of interest'.

[32] See parts 4 and 5 of the 2021 MC Code of Conduct.

[33] See Article 6.2 of the 2021 MC Code of Conduct (see link in footnote 29).

[34] See Article 6.1,

[35] See 2.1. 'Compliance with applicable rules'.

[36] See Article 2.6 and 5.9 of the 2021 MC Code of Conduct. as well as:  
[https://www.eib.org/attachments/general/rules\\_of\\_procedure\\_en.pdf](https://www.eib.org/attachments/general/rules_of_procedure_en.pdf) and:  
[https://www.eib.org/attachments/general/operating\\_rules\\_ethics\\_and\\_compliance\\_en.pdf](https://www.eib.org/attachments/general/operating_rules_ethics_and_compliance_en.pdf) .

[37] By way of comparison, the Independent Ethical Committee of the European Commission consists of three external members, see  
[https://ec.europa.eu/info/sites/default/files/decision-adhoc-committee\\_21october2003\\_en.pdf](https://ec.europa.eu/info/sites/default/files/decision-adhoc-committee_21october2003_en.pdf)  
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Annex I



## **EIB lending to the parent company during the former VP's mandate**

23 Jul 2018 EIB finances three new dams and hydropower plants on the Tâmega and Torno rivers'. [1]

16 Jul 2019 EIB, Spain's 'Instituto de Crédito Oficial' (ICO), a Spanish public bank, and the parent company sign green facility for Europe's largest PV plant under construction. [2]

27 Nov 2019 EIB grants EUR 50m loan to the parent company and Caja Rural de Navarra to build new wind complex in Navarra. [3]

5 Dec 2019 COP25: EIB and the parent company sign two financing agreements for EUR 690m for renewable energy projects in Brazil and new digitalisation of electrical networks in Spain. [4]

8 Jul 2020 The parent company receives €800 million in financing from EIB and ICO to boost the green recovery in Spain. [5]

Annex II

## **EIB structure and ethics framework**

### **EIB decision-making bodies**

1. The following chart outlines the EIB's main decision-making bodies.

#### **Board of Governors**

- Consists of 27 EU finance ministers.
- Determines the EIB's credit policy by laying down 'general directives', in accordance with the EU's objectives, and ensures these directives are implemented

#### **Board of Directors**

- Consists of 28 Directors: one nominated by each Member State and one by the Commission.
- Ensures that the EIB is managed in accordance with the provisions of the Treaties and of the EIB's Statute and with the general directives laid down by the Board of Governors.
- The Board of Directors takes decisions in respect of granting finance, and raising loans. It fixes the interest rates on loans granted and the commission and other charges.



## Management Committee

- Consists of the President and eight Vice-Presidents.
- EIB's permanent collegiate executive body that oversees the EIB's daily business.
- With the EIB Services, prepares the Board of Directors' decisions on the raising of loans and the granting of finance

## EIB ethics framework and compliance bodies

2. The EIB Group [6] has in place an integrity policy and compliance charter [7] that set out the fundamental ethical principles that apply to the EIB Group. The fundamental principles are laid down in the codes of conduct of the different component parts of the EIB Group. For example, the EIB Management Committee (MC) has a code of conduct. The version of those rules applicable to this case were those adopted in 2019 [8] .

3. The Office of the EIB Group Chief Compliance Officer (OCCO) is responsible for identifying, assessing, advising on, monitoring and reporting on the risk compliance of the EIB Group. This covers the risk of legal or regulatory sanctions, financial loss, or reputational damage to a member of the EIB Group due to a failure to comply with all applicable laws, regulations, staff code of conduct and standards of good practice. The Chief Compliance Officer (CCO) reports directly to the EIB President, although they are administratively responsible to one of the EIB's vice-presidents.

4. The EIB's Ethics and Compliance Committee (ECC) takes account of the opinion of the CCO and makes decisions on any potential conflict of interest of current and former members of the MC. [9] It consists of the four longest-serving members of the Board of Directors and the chair of the EIB Audit Committee [10] . Among other things, the ECC assesses post-employment applications of current and recent former MC members.

Annex III

## Timeline

Based on the inspection of documents and publicly available information, the Ombudsman inquiry team drew up the following timeline of the sequence of events surrounding the conclusion of financing agreements with the parent company and the procedure by which the former VP took up the role with the sub-holding company.

### Date

### Actions of the EIB

### Actions of the former Vice President



### **1 June 2018**

The former VP was appointed to the MC.

### **17 July 2018 - 23 July 2018**

The former VP was involved in providing the EIB's Board of Directors with a briefing regarding a project, which culminated in the signature of a financing agreement at a ceremony with parent company's chair.

In the inquiry meeting, the EIB's representatives clarified that this briefing had been prepared solely by the EIB staff members for members of the MC members, who then presented the briefing to the Board of Directors

### **14 March 2019**

The EIB amended Article 1.5 of the MC's code of conduct [11] to include a ban on MC members using their position or authority to be involved in project *negotiations and implementation* .

### **5 December 2019 - 8 July 2020**

The former VP was involved in three signature ceremonies on financing agreements with the parent company.

### **17 September 2020**

A meeting of the EIB's board of directors, with the former VP in attendance, discussed a framework loan for 'Iberdrola Spain Green Energy (Doc 20/640)'. [12]

### **15 October 2020**

The former VP's mandate at the EIB ended.

### **6 November 2020**

The former VP contacted the Office of the EIB Chief Compliance Officer (CCO) by phone to discuss her intended post-mandate activity.

### **7 - 12 November 2020**

The CCO and the former VP exchanged emails to gather all the information needed for the assessment by the Ethics and Compliance Committee (ECC) of the prospective post-mandate activity of the former VP.

### **16 November 2020**



The former VP sent her formal request to the ECC, in line with the CCO's indications, stating that, while serving as VP of the EIB, her contacts with the parent company were limited to "*participation in ceremonial signatures*" relating to financing agreements and that, in her new role, she would not have dealings with the EIB.

### **23 November 2020**

The CCO note entitled 'Activity not connected to the Bank's work - Article 3 of the MC Code of Conduct' was sent to the ECC. The CCO proposed mitigating measures to address potential conflicts of interest, acknowledging that these measures could not fully mitigate the reputational risk to the EIB.

### **26 November 2020**

The ECC decided to approve the post-mandate activity subject to several conditions.

### **8 December 2020**

The ECC chairperson sent the ECC decision to the former VP.

### **22 January 2021**

The former VP started as a member of the board of the company, as noted by Spain's Commercial Register.

[1] See:

<https://www.iberdrola.com/press-room/news/detail/major-investment-energy-sector-portugal-finances-i>

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[2] See:

<https://www.iberdrola.com/press-room/news/detail/eib-spain-s-iberdrola-sign-green-facility-europe-s-la>

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[3] See:

<https://www.iberdrola.com/press-room/news/detail/cop25-iberdrola-sign-financing-agreements-690m-r>

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[4] See:

<https://www.iberdrola.com/press-room/news/detail/cop25-iberdrola-sign-financing-agreements-690m-r>

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[5] See:

<https://www.eib.org/en/press/all/2020-188-iberdrola-receives-eur800-million-in-financing-from-eib-and-i>





and

<https://www.iberdrola.com/press-room/news/detail/iberdrola-receives-800-million-financing-from-boost>

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[6] The EIB Group consists of the European Investment Bank and the European Investment Fund (EIF). The latter is a provider of risk finance to benefit small and medium-sized enterprises (SME) across Europe. The EIF's shareholders are the European Investment Bank (EIB), the EU (represented by the European Commission) and a range of public and private financial institutions.

[7] See: [https://www.eib.org/attachments/general/occo\\_charter\\_en.pdf](https://www.eib.org/attachments/general/occo_charter_en.pdf) .

[8] See: [https://www.eib.org/attachments/thematic/code\\_conduct\\_MC\\_en.pdf](https://www.eib.org/attachments/thematic/code_conduct_MC_en.pdf).

[9] The remit of the ECC, applicable as at the date of the inquiry, was also making decisions as regards any potential conflict of interest of current and former members of the Board of Directors, as well as in relation to members of the Audit Committee on a voluntary basis. The ECC also provides opinions on any ethical matter concerning members of the Board of Directors or the Management Committee, regulated in the code of conduct of both bodies or in related relevant provisions during the period of their mandate.

[11] See: [https://www.eib.org/attachments/thematic/code\\_conduct\\_MC\\_en.pdf](https://www.eib.org/attachments/thematic/code_conduct_MC_en.pdf) .

[12] See: [https://www.eib.org/attachments/documents/ca\\_minutes\\_20200917.pdf](https://www.eib.org/attachments/documents/ca_minutes_20200917.pdf) .