



AUDIT BOARD CHARTER

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1. INTRODUCTION

The Audit Board of the European Investment Fund (“EIF”, “Fund”) is established as an organ of the Fund under Article 22 of the EIF Statutes. Its members are appointed by the general meeting of the members of the Fund (“General Meeting”) pursuant to Article 20 of the EIF Rules of Procedure. Its mission and responsibilities are described in Article 22 of the EIF Statutes and Articles 17 ss. of the EIF Rules of Procedure. The purpose of the Charter of the Audit Board (“Audit Board Charter”) is to further describe the implementation of the tasks attributed to the Audit Board.

2. MISSION

The main mission of the Audit Board is to:

1. Oversee the overall effectiveness of EIF’s internal control and risk management systems;
2. Certify to the best of its knowledge and judgement that the financial statements give a full and fair view of the financial position of the Fund as regards its assets and liabilities and of the results of its operations for the financial year under review.

The Audit Board shall address to the Chairman of the General Meeting the above certification statement together with a report on the results of its work during the preceding financial year.

3. AUTHORITY

In discharging its mission, the Audit Board will have the authority to:

- Designate, after consultation with the Chief Executive and the EIF Board of Directors, the external auditors of the Fund;
- Delegate and oversee the regular conduct of the audit of the Fund’s financial statements to the designated external auditors; approve, following consultation with the Chief Executive, the scope of their mandate and their annual work program;
- Approve and oversee the work and audit plan of EIF’s internal audit function;
- Meet with external auditors, internal auditors, or outside counsel, as necessary;
- Conduct or authorize investigations into any matters within the scope of its tasks under the EIF Statutes and Rules of Procedure.

The Audit Board shall benefit from unrestricted access to all personnel, information, management and control systems within the Fund, which is deemed necessary or useful in the discharge of its duties.

With a view to discharge its responsibilities, the Audit Board may ask the Chief Executive to provide technical assistance as referred to in Article 19 of the EIF Rules of Procedure.

4. MEMBERSHIP

The Audit Board is composed of at least three and no more than five members. In accordance with the Rules of Procedure, the members of the Audit Board shall be appointed by the General Meeting upon proposals made by the members of the Fund. The European Investment Bank, the European Commission and the Financial Institutions shall have the right to propose one member each. Members of the Audit Board are appointed for terms of three consecutive financial years. Appointments are renewable. The office of Chairman of the Audit Board shall be held by a member whose appointment is to come to an end on the day on which the General Meeting approves the annual report of the Fund.

Each member of the Audit Board performs his duties with independence and is financially literate. At least one member shall be designated as the "Audit Board financial expert," defined as a person who has:

- An understanding of generally accepted accounting principles and financial statements;
- An ability to assess the general application of those principles in connection with the accounting for estimates, accruals and reserves;
- Experience preparing, auditing, analysing, or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Fund's financial statements, or experience actively supervising one or more persons engaged in such activities.

Each member of the Audit Board will sign the "Code of Conduct for the Members of the Audit Board of the European Investment Fund" ("Audit Board Code of Conduct") and abide by its provisions.

5. MEETINGS AND AUDIT BOARD ASSISTANT

The Audit Board will meet, upon invitation of its Chairman, at least four times a year, with authority to convene additional meetings, as circumstances require. Each member of the Audit Board is entitled to ask the Chairman to convene a meeting; the Chairman will convene a meeting upon the request of at least two members of the Audit Board.

The Audit Board may only take decisions if all its members are presented or by written procedure if all its members so agree.

Decisions of the Audit Board are taken by simple majority of its members with the exception of the decision on the approval of the Fund's financial statements which requires unanimous approval of the members of the Audit Board.

The Board will invite members of management, auditors or others to attend meetings and provide pertinent information, as necessary.

The Board shall be provided with a permanent Audit Board Assistant who shall be a member of the EIF Staff reporting functionally to him and administratively to the Secretary General of the Fund, within the statutory provisions applicable to EIF Staff. Following the Chairman's approval, the Audit Board Assistant shall circulate the agenda and supporting documentation to the members of the Audit Board (with copy to the Secretary General and the Head of Internal Audit) a reasonable period of time (usually one week) in advance of each meeting.

The proceedings of the meetings of the Board will be prepared by the Audit Board Assistant and signed by the Chairman. A draft shall be circulated within two weeks following the relevant meeting.

6. RESPONSIBILITIES AND TASKS

In discharging its responsibilities, the Audit Board carries out the following tasks:

6.1 Financial Statements

- Review the annual financial statements, and consider whether they are complete, consistent with information known to Audit Board members, and reflect appropriate accounting principles.
- Review with management and the external auditors the results of the audit.
- Review with management and the external auditors all matters required to be communicated under generally accepted auditing standards.

6.2 Internal Control

- Consider the effectiveness of the Fund's internal control framework, including information technology security and control.
- Understand the scope of internal and external auditors' review of internal control over financial reporting, and obtain reports on significant findings and recommendations, together with management's responses.
- Ensure that the follow-up process for the implementation of internal and external audit recommendations is adequate.

6.3 Internal Audit

- Review with management and the Head of Internal Audit, the charter, plans and activities, of the internal audit function.

- Ensure there are no unjustified restrictions or limitations to the work of the internal auditors.
- Review the independence and effectiveness of the internal audit function, including compliance with The Institute of Internal Auditors' Standards for the Professional Practice of Internal Auditing.
- On a regular basis, meet separately with the Head of Internal Audit to discuss any matters that the Board or internal audit believes should be discussed privately.

6.4 External Audit

- Review the external auditors' proposed audit scope and approach, including coordination of audit effort with internal audit.
- Review the performance of the external auditors, and exercise final approval on the appointment or discharge of the auditors.
- Review and confirm the independence of the external auditors by obtaining statements from the auditors on relationships between the auditors and the EIF and discussing the relationships with the auditors.
- On a regular basis, meet separately with the external auditors to discuss any matters that the Board or auditors believe should be discussed privately.

6.5 Monitoring System

The Audit Board shall review the effectiveness of the Fund's system for monitoring compliance with relevant laws and regulations (including internal rules) and the measures taken by Management as a result of its investigation of material incidents of non-compliance.

7. REPORTING AND COMMUNICATION

The Audit Board shall annually report to the General Meeting about:

- Audit Board activities, issues and related recommendations;
- The Audit Board's composition, responsibilities and how they were discharged, and any other information required.

In addition and as referred to in Article 18 of the EIF Rules of Procedure, the Audit Board shall hold meetings at least once a year with the Board of Directors and with the Chief Executive in order to discuss the results of its work during the preceding financial year as well as its work programme for the current financial year.

8. GENERAL MEETING

The members of the Audit Board shall attend or be represented at the annual general meeting of the members of the Fund in which the financial statements and the annual report of the Fund are formally adopted.

9. EMOLUMENTS

Emoluments and expenses of the members of the Audit Board as referred to in Article 22 of the EIF Rules of Procedure in respect of a financial year shall be paid as determined by the General Meeting.

10. MISCELLANEOUS

The present Audit Board Charter as well as any amendments thereto shall be approved by the EIF General Meeting and published on the EIF website.

The Chairman of the Board of Directors, the Chief Executive and the Chairman of the Audit Board shall sign the present Audit Board Charter and any amendments to the Audit Board Charter.

The Audit Board shall review and assess the adequacy of the Audit Board Charter as necessary, requesting General Meeting approval for proposed changes, and ensure appropriate disclosure as may be required by law or regulation.

The Audit Board shall evaluate its performance on a regular basis and confirm annually that all responsibilities outlined in this charter have been carried out.

Executed in one exemplar to be held in the archives of the Fund.

Echternach, 2 May 2006

Philippe Maystadt

Francis Carpenter

Sylvain Simonetti

Chairman of the Board of
Directors

Chief Executive

Chairman of the Audit Board