



EUROPEAN INVESTMENT FUND

Code of Conduct: For the Members and Alternate Members of the Board of Directors

Preamble

In view of the nature of the business the European Investment Fund (hereinafter the “EIF”) carries out and the sensitive and confidential information related to the projects it helps to finance by way of venture capital and guarantees, the EIF Board of Directors deems appropriate to adopt its own Code of Conduct (hereinafter the “Code”).

The EIF shareholding structure is reflected in the composition of its Board of Directors through four members (and four alternates) being designated by the EIB, two members (and two alternates) being designated by the Commission, and one member (and one alternate) being designated by the financial institutions.

The rules of conduct set out in this Code are based on the principles enshrined in the EIF’s Statutes, its Rules of Procedure and other texts governing its activity as well as on other general relevant principles. They are not intended to be exhaustive and may be modified by the Board of Directors as appropriate in the light of the experience gained in their execution.

The following rules and principles apply to all Members of the EIF Board of Directors and to Alternate Members of the Board (hereinafter Members of the Board of Directors and Alternates).

Article 16 of the EIF’s Statutes defines the powers of the Board of Directors (and Alternates) as follows:

1. *In addition to the powers conferred upon it by the other provisions of these Statutes, the Board of Directors shall:*
 - i) *Decide on all operations of the Fund. It may delegate the power to decide in whole or in part, as it deems appropriate.*
 - ii) *Adopt guidelines and directives for the operations and the management of the Fund.*
 - iii) *Draw up proposals for submission to the General Meeting.*
 - iv) *Fix the general conditions for participations.*
 - v) *Set return criteria for the Fund’s operations.*
 - vi) *Determine the objectives and the limits of the borrowing operations referred to in Article 2, paragraph 2 of these Statutes.*
 - vii) *On the basis of proposals made by the members of the Fund in accordance with the procedure laid down in the Rules of Procedure, appoint the Chief Executive and his/her deputy, if any. It shall also have the power to dismiss the Chief Executive and his/her deputy, if any.*
 - viii) *Supervise the Chief Executive and his/her deputy and ensure that the Fund is managed in accordance with the provisions of these Statutes and with the guidelines and directives laid down by the Board of Directors.*

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- ix) *Submit the annual accounts and the annual report on the activities of the Fund to the General Meeting.*
 - x) *Convene General Meetings of the Fund.*
 - xi) *Without prejudice to the powers of the General Meeting, take decisions on any other matters falling outside the competence of the Chief Executive.*

Before the 2000 reform of the EIF Members of the Supervisory Board and of the Financial Committee were specified to “represent” the authority of nomination, that is the Commission, the Bank or the Financial Institutions.

Since June 2000 Article 15.2 of the EIF Statutes defines the responsibilities of the Members of the Board of Directors (and Alternates) as follows:

“In carrying out their duties the Members of the Board of Directors shall act independently and serve the best interests of the Fund. They shall be accountable only to the General Meeting...”

Article 9 last paragraph of the Rules of Procedure foresee:

“...Members of the Board of Directors, as well as all other persons attending its meetings, shall be required to respect the secrecy of the proceedings and of all confidential information made available to it or presented as such by the Chairman of the Board of Directors.”

Code of Conduct

Basic principles

1. Members of the Board of Directors and Alternates shall discharge their duties professionally, with due diligence and efficiency and to the best of their abilities.
2. Members of the Board of Directors and Alternates are appointed by the General Meeting upon proposals by the members of the EIF.

In performing their duties as directors or alternates, Members of the Board of Directors and Alternates shall thus be accountable only to the General Meeting of the EIF. They acknowledge that in carrying out their duties as Members of the Board or Alternates they have to act independently and to serve the best interests of the EIF. They shall ensure that their action remains within the powers conferred upon them by or under the Statutes and otherwise comply with the provisions of the Statutes and the Rules of Procedure of the EIF.

Conflicts of interest, disclosure and outside appointments

3. The Members of the Board of Directors and Alternates shall also be duty bound to conduct themselves honestly and sensitively with respect to acceptance of certain functions, perquisites or assignments which could conflict with the knowledge acquired by them in the performance of their duties as Members of the Board of Directors and Alternates. They shall continue to be bound by this obligation after termination of their mandate.

Members of the Board of Directors or Alternates shall not allow other direct or indirect professional relationships to affect in any way the conduct of their activities for the EIF, and vice versa. Where a Member of the Board of Directors or Alternate – using his/her best judgement – comes to the conclusion that he/she may have a conflict of interest with regard to a decision to be taken by the Board of Directors, he/she shall immediately declare so to the Chairman of the Board.

A Member of the Board of Directors or Alternate having declared a conflict of interest concerning a decision to be taken by the Board shall volunteer to absent him/herself from the discussion of such operation in the Board and shall abstain from voting on such decision.

If offered an official/professional position which may give rise to a permanent conflict of interest as regards his/her duties and responsibilities as a Member of the Board of Directors or Alternate of the EIF he/she shall inform the Chairman of the Board and shall seek to ascertain whether accepting such position would be compatible with his/her duties and responsibilities as a Member of the Board and Alternate. In carrying out their duties as Directors, employment by a Member of the Board of Directors in a public-service capacity in an institution that is a shareholder of EIF, some of whose funds may be managed by the EIF, shall not in itself be deemed to constitute a conflict of interest, provided always that the employment shall not affect the duties of that Member as set out in article 15 (2) of the Statutes and in this Code of Conduct.

Confidentiality and inside information

4. Members of the Board of Directors and Alternates shall not divulge any information or data set out in documents to the Board, revealed during Board meetings or otherwise coming to their knowledge during the performance of their duties, to persons or bodies outside the EIF other than persons assisting them in the discharge of their duties as Board Members or Alternates, provided that such persons are subject to an equivalent duty of confidentiality. Notwithstanding the foregoing, the Board may give its prior approval to the disclosure of such information to a receiving party that is subject to a duty of confidentiality with respect to that information, provided that this shall not apply to information relating to transactions supported by EIF own funds, EIF funds or funds originating from any other party than the Community. Members of the Board of Directors and Alternates shall continue to be bound by this obligation after termination of their mandate.

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5. Members of the Board of Directors and Alternates who, in the context or course of their duties, have direct or indirect access to inside information or are in possession of such in respect of:
- the EIF, its business partners and shareholders;
 - any companies or bodies with which they are aware that the EIF does or intends to do business;
 - terms and conditions or other information relating to kind of transaction or business which the EIF enters into or intends to enter into;
 - transferable securities of any kind, whether issued by these companies or bodies or by the EIF,

may not make use, either directly or indirectly of this inside information in order to carry out, recommend or advise either in favour of or against transactions involving the EIF, these companies or bodies or these securities, for their own account or for that of third parties.

“Inside information” shall mean information which has not been made public, which involves precise particulars relating to the EIF, to one or several other companies or bodies or to one or several transferable securities, and which, if made public, would be likely to have a perceptible effect on the value of such companies or bodies or on the price of the transferable securities in question.

Acceptance of gifts

6. Members of the Board of Directors and Alternates shall not apply for, receive or accept from any source any advantage, direct or indirect, which is in any way connected with his/her mandate in the EIF. The Members of the Board of Directors and Alternates should therefore discourage a priori the offer of any gift having more than a token value. However, should it be impossible to refuse, notably because such refusal could prove embarrassing to the donor, the gift is to be surrendered to the EIF through the intermediary of the Secretary General.

Expenses

7. Travel, hotel and/or any other miscellaneous expenses incurred by the Members of the Board of Directors or Alternates in the execution of their duties for the EIF are paid by the EIF, on the basis of decisions made by the General Meeting in this respect. Where persons or organisations offer to pay or pay on their own initiative such expenses of a Member of the Board of Directors or Alternate, this must be declared on each statement of expenses.

Use of EIF property

8. The Members of the Board of Directors and Alternates shall make appropriate use of EIF facilities made available to them for the performance of their duties.
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Relations with EIF staff and members of the EIF's governing bodies

9. In their dealings with EIF staff, or with members of the EIF's governing bodies, Members of the Board of Directors and Alternates shall refrain from any form of discrimination or harassment, particularly discrimination based on sex, age, nationality, political opinions, philosophical views or religious convictions or, in general, the manner in which these persons choose to conduct their private lives.

They shall also refrain from exerting any pressure which might result in any infringement of regulations or deviation from procedures, for example in management of the Bank's assets, award of contracts, management of human resources or financial transactions.

Privileges and immunities

10. The privileges and immunities enjoyed by the Members of the Board of Directors and Alternates under the "Protocol on the Privileges and Immunities of the European Communities" are accorded solely in the performance of their duty. These privileges and immunities shall in no way exempt Members of the Board of Directors or Alternates from fulfilling their private obligations or complying with the laws and police regulations in force.

Cooperation with regulatory bodies

11. Should the need arise, the Members of the Board of Directors and Alternates shall cooperate fully with persons charged with conducting any criminal or regulatory investigation.

Supervision of this Code

12. The Chairman of the Board of Directors shall supervise adherence to this Code of Conduct. Where appropriate he/she shall report to the General Meeting of the EIF.

Acceptance of this Code

13. All Members of the Board of Directors and Alternates shall sign this Code of Conduct, including any new Members who may assume office as of this date.

These signed copies shall be held by the Secretary of the EIF.