

# Audit Board Charter

Approved on 02.05.2006 and amended on 10.06.2014, 20.04.2015, 15.01.2020, 01.04.2020, 27.09.2022 and 09.02.2023 by the General Meeting

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## 1 Introduction

The Audit Board of the European Investment Fund (“EIF” or “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 (“Rules of Procedure”). Its mission and responsibilities are described in Article 22 of the EIF Statutes and Articles 17 to 19 of the Rules of Procedure. The purpose of the Charter of the Audit Board (“Audit Board Charter”) is to complement the rules governing the action of the Audit Board and further describe the implementation of the tasks attributed to the Audit Board.

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## 2 Mission

The main mission of the Audit Board is defined in Article 22 of the EIF Statutes and in the Articles 17 to 19 of the Rules of Procedure.

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## 3 Authority

The Audit Board has the powers provided by the Rules of Procedure. When the Audit Board has recourse to external auditors in accordance with Article 19 of the Rules of Procedure, it shall approve, following consultation with the Chief Executive, the scope of the external auditors’ mandate and their annual work program and shall oversee the regular conduct of the audit of the Fund’s financial statements by the designated external auditors.

In discharging its duties, the Audit Board shall have unrestricted access to all personnel, information, management and control systems within the Fund, which is deemed necessary or useful for this purpose.

The Audit Board may ask the Chief Executive to provide technical assistance as referred to in Article 19 of the Rules of Procedure.

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## 4 Membership

### 4.1 Expertise and experience

Members shall be chosen from persons having independence, competence and integrity, in accordance with the guidelines for nominations to the Audit Board set up by the Board of Directors. Members shall possess financial and/or audit expertise and at least one member shall have banking and/or fund sector regulatory and/or supervisory expertise in the EU (the Minimum Qualifications).

The EIF Board of Directors shall adopt implementing guidelines ensuring that the persons proposed to the General Meeting for appointment to the Audit Board shall possess the Minimum Qualifications for the role, and ensuring an adequate assessment process for all candidates.

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## 4.2 Chair

The Audit Board shall be chaired by the member whose term of office is to come to an end on the day on which the General Meeting approves the annual report of the Fund. In the case where a vacancy arises with respect to a member of the Audit Board holding the Chair's office, the next member of the Audit Board in line to hold the Chair's office shall be the Chair of the Audit Board for the duration of such absence. In the case where the member of the Audit Board holding the Chair's office is absent, the next member of the Audit Board in line to hold the Chair's office shall be the Chair of the Audit Board for the duration of such absence.

## 4.3 Financial Expert

The members of the Audit Board perform their duties with independence and are 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 in 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. In lieu thereof, such member(s) shall have experience in actively supervising one or more persons engaged in such activities.

## 4.4 Code of Conduct

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

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# 5 Meetings and Audit Board Officer

## 5.1 Meetings

The Audit Board will meet, upon invitation of its Chair, at least four times a year, with authority to convene additional meetings, as circumstances require. The Chair may also have recourse to teleconferencing. Each member of the Audit Board is entitled to ask the Chair to convene a meeting and the Chair shall convene a meeting upon the request of at least three members of the Audit Board.

The Audit Board shall have the right to invite members of management, auditors and/or others third parties to attend meetings and to provide information if and when required.

The proceedings of the Audit Board shall be valid only if at least four of the members are present.

## **5.2 Decision-Making**

The Audit Board may only take decisions if all its members are present or represented. Between meetings, the Chair of the Audit Board may put a decision to the vote by written, including electronic, correspondence.

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.

A member of the Audit Board may give another member a proxy to represent such member at a meeting of the Audit Board. No member of the Audit Board may have more than one proxy during any one meeting.

## **5.3 Audit Board Officer**

The Audit Board shall be provided with a permanent Audit Board Officer who shall be a member of the EIF Staff reporting functionally to the Chair of the Audit Board and administratively to the EIF service in charge of the liaison with the Audit Board, as designated by the Chief Executive.

Following the Chair's approval, the Audit Board Officer shall circulate the agenda and supporting documentation to the members of the Audit Board (with copy to the EIF executive management and the Head of Internal Audit) within a reasonable period of time (usually one week) in advance of each meeting or deadline for decision.

## **5.4 Minutes**

The minutes of the meetings of the Audit Board will be prepared by the Audit Board Officer, and are subject to the approval of the Audit Board and signature by the Chair.

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# **6 Responsibilities and Tasks**

In discharging its responsibilities, the Audit Board, in particular, carries out the following tasks.

## **6.1 Financial Statements**

The Audit Board shall:

- Review, with EIF management and the external auditors, the results of any audit.

- Review, with EIF management and the external auditors, all matters required to be communicated by the external auditors to the Audit Board under auditing standards.
- Receive the necessary assurances from the Chief Executive and the external and internal auditors, in order to be able to perform its duties.
- Review, with EIF management and the external auditors, the annual financial statements, and consider whether they are complete, consistent with information known to Audit Board members, reflect appropriate accounting principles and contain the disclosures required by financial reporting standards.

## 6.2 Internal Control

The Audit Board shall:

- Receive assurances from the Chief Executive, in particular concerning the effectiveness of the internal control systems, risk management and internal administration.
- Review the effectiveness of the Fund's system of internal control and risk management, and its systems for monitoring compliance with relevant laws and regulations (including internal rules). It shall also review the measures taken by EIF management as a result of its investigation of material incidents of non-compliance.
- 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 EIF management's responses.
- Ensure that the follow-up process for the implementation of internal and external audit recommendations is adequate.

## 6.3 Internal Audit

The Audit Board shall:

- Review with EIF management and the Head of Internal Audit, the charter, plans and activities of the internal audit function.
- Ensure that there are no unjustified restrictions or limitations on 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.

## 6.4 External Audit

The Audit Board shall:

- Review the external auditors' proposed audit plan and approach, including coordination of audit activities 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 external auditors on their relations to EIF and discussing such relations.
- On a regular basis, meet separately with the external auditors to discuss any matters that the Audit Board or the external auditors believe should be discussed.
- Monitor how the external audit is conducted and ensure that the external audit is performed in accordance with the plan. If the plan is amended, ensure that assurances are received from the external auditors that appropriate alternative audit processes are implemented.

## 6.5 Internal control systems, risk management and internal Administration

The Audit Board shall:

- Verify that the activities of the Fund have been carried out in compliance with the Statutes and the Rules of Procedure in particular with regard to risk management and monitoring.
- Verify that the activities of the Fund are based on sound banking principles or other sound commercial principles and practices as applicable to it<sup>1</sup>,
- Cooperate closely with the EIB Group Review and Evaluation (REP) Team as well as with the EIB Audit Committee, in line with the Principles of Cooperation between the EIB Audit Committee and the EIF Audit Board, as amended from time to time.

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<sup>1</sup> 1 The Audit Board 's remit with respect to the application of sound banking principles and practice or other sound commercial principles and practices as applicable to the EIF shall enter into effect as of 1 January 2023.

## 7 Reporting and Communication

The Audit Board shall annually address a report to the General Meeting in accordance with Article 18 of the Rules of Procedure.

The report to the General Meeting shall in particular outline:

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

The Audit Board shall evaluate its performance on a regular basis and confirm annually that all responsibilities of the Audit Board Charter have been fulfilled.

## 8 General Meeting

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

## 9 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 Chair of the Board of Directors, the Chief Executive and the Chair 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 the approval of the General Meeting for proposed changes, and ensure appropriate disclosure as may be required by law or regulation.

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

Luxembourg, 9 February 2023



**Gelsomina**

**VIGLIOTTI**

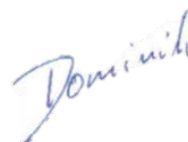
Chair of the  
Board of Directors



**Marjut**

**FALKSTEDT**

Chief Executive



**Jacek**

**DOMINIK**

Chair of the  
Audit Board