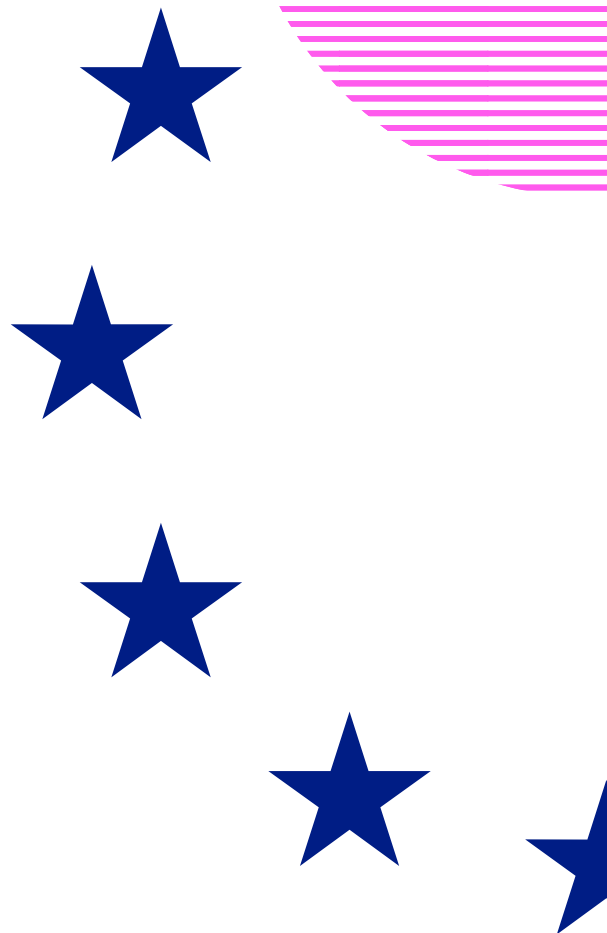


Internal *Audit* *Charter*

January 2020



1 Policy

The EIF function responsible for the performance of internal audit (“Internal Audit” or “IA”) shall perform internal audit services pursuant to the terms of this Internal Audit Charter.

The purpose of EIF’s internal audit activity is to provide independent, objective assurance and advisory services designed to add value and improve EIF’s operations. The internal audit activity helps EIF accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes.

In this respect, IA furnishes the EIF’s management with assurances, analyses, agreed action plans or recommendations, counsel and information concerning the activities reviewed.

In the performance of the tasks assigned to IA hereunder, the Head of Internal Audit shall have direct access to the Audit Board, the Chairman of the Board of Directors of the EIF and the Chief Executive of the EIF as may be necessary.

The Audit Board of the EIF remains responsible for the coordination of the activities of the EIF’s external auditor and IA. The Charter will be reviewed every two years at a minimum.

2 Mission

Assurance Objectives:

The general objective of IA is to provide to the EIF’s management reasonable assurance that the EIF is operating properly and efficiently. To that end, it examines in respect of areas described in section 3 (Scope), IA seeks to examine whether the:

- Risk exposure relating to the achievement of the EIF’s strategic objectives is accurately identified and reported by the EIF in the performance of planned audit activities.
- EIF’s resources and assets are properly accounted for and safeguarded.
- Financial, operational, accounting and other data generated within the EIF and/or used for management purposes is accurate and reliable.
- Integrity, reliability, confidentiality and continuous availability of information systems is secured.
- Application of risk management procedures and methodologies and the functioning of internal controls are effective.
- EIF’s policies and procedures in relation to the above are adequate and complied with.
- Governance, operations and various functions and activities of the EIF in those areas described in Section 3 are performed efficiently and effectively.

3 Scope

Advisory Objectives:

At the request of the EIF Chief Executive, Internal Audit may participate to advisory activities relevant to EIF such as participation in working groups and committees or the provision of independent assessments and advice for improvements to processes that will advance the goals and objectives of the EIF. Such activity will be notified to the Audit Board on occurrence and in the Internal Audit Annual Report.

Areas covered by IA's review include:

- Equity and guarantee activities and any other operational activities undertaken, including the monitoring thereof.
- Mandate activities.
- Risk management.
- Management information systems and information technology including security and control aspects of computer systems under development.
- All other activities, including human resources and administrative functions.

The scope of internal audit activities encompasses, but is not limited to, objective examination of evidence aimed at providing independent assessments to the Audit Board and EIF's management on the adequacy and effectiveness of governance, risk management, and control processes. Assessments by IA include evaluating whether the risks relating to the achievement of EIF's strategic objectives are appropriately identified and managed.

4 Procedures

4.1

The Head of Internal Audit prepares an annual internal audit plan that is discussed with the Chief Executive, Deputy Chief Executive, line managers and the EIF external auditor prior to submission for approval by the Audit Board. The internal audit programme is based on a risk-assessment methodology which is aligned with the EIF annual Internal Control Framework. The Plan is subject to a mid-year review. The Head of Internal Audit reports semi-annually on the execution of the internal audit programme to the Chairman of the Board of Directors, the Chief Executive, the Deputy Chief Executive and the Audit Board.

4.2

In carrying out its tasks, IA:

- Bases itself essentially on the relevant decisions taken by the Chief Executive, the Board of Directors and the supporting documentation.
- Tests the efficiency and effectiveness of existing internal control systems, using, where relevant, the Internal Control Framework documentation maintained by EIF management.

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- Reports on its findings, including all significant weaknesses, shortcomings and inefficiencies and includes agreed action plans or recommendations to improve control and working procedures.
 - Maintains a centralized record on the implementation of agreed action plans and recommendations that have been agreed to by the management.
 - Reports to the Chairman of the Board of Directors, the Chief Executive, the Deputy Chief Executive and the Audit Board on actions taken on major recommendations.

4.3

Release of an audit report:

- Prior to finalisation of any report by IA, the EIF services shall have the opportunity to comment on the factual accuracy, the conclusions and the proposals in the report within a given period. The overall clearance period with all levels management should in principle not be more than 25 working days.
- Agreed actions plans should be jointly formulated by the EIF and IA wherever feasible. Any disagreement by EIF with the internal audit report should be explicitly stated therein.
- The audit report with agreed action plans is communicated to the Chairman of the Board of Directors, the Audit Board, the Chief Executive, the Deputy Chief Executive, the EIF's Secretary General and the responsible manager(s) of the area audited and the EIF external auditor.
- Audit reports are discussed by the Audit Board in the presence of the Head of Internal Audit, the auditor(s) in charge and the representatives of the EIF services concerned.

4.4

IA may, on a decision of the Chairman of the Board of Directors, the Chief Executive, or the Audit Board, carry out ad-hoc reviews on specific issues, always in compliance with the principles set out herein. In such cases, the other Parties should be notified thereof.

4.5

The Audit Board may ask the Head of Internal Audit to provide additional services, which are compatible with the provisions of this Charter, such as:

- The monitoring and reporting on the implementation of the recommendations of certain other audit reports, notably those resulting from the work of the external auditor, and
- The review by IA, together with the EIF services concerned, of the Internal Control Framework of the EIF.

4.6

Internal Audit may, pursuant to its internal rules, retain consultancy services on a selective basis to provide specialist support as a complement to the skills of permanent team members, particularly in technically complex or information technology areas. All assignments performed using consultancy support will be under the supervision and sole responsibility of experienced Internal Audit staff. The engagement of consultants will be allocated to the overall resource budget managed through Internal Audit's own budget line. Such activity will be notified to the Chief Executive, the Deputy Chief Executive and the Audit Board in the mission letter; this will be reported in the Internal Audit Annual Report.

5 Relations with external audit bodies

5.1

IA coordinates its work with the EIF external auditor in order to avoid duplication of effort and to provide maximum coverage of activities.

5.2

Where relevant, the EIF may require information related to the internal audit services, performed by IA, to be passed to the European Court of Auditors and/or other audit authorities. IA undertakes to assist the EIF in connection with any such requests.

6 Authority

The Head of Internal Audit shall functionally report to the Audit Board.

To establish and maintain the effectiveness of the means available to IA for the fulfilment of its duties, IA shall be authorized unrestricted access to all relevant EIF's functions, policy statements, procedures, records and personnel as necessary for the accomplishment of its mission.

IA officers and any external consultants retained by IA pursuant to section 4.6 (together the "Internal Auditors") have no management or operational authority over any of the activities reviewed or the EIF personnel involved. The Head of Internal Audit confirms to the Chairman of the Board of Directors, the Chief Executive and the Audit Board the organisational independence of the function on an annual basis.

7 Professional standards

Internal auditors shall comply with the policy statements issued by the EIF, including the Code of Conduct, as well as any EIF rules governing their actions.

In addition, IA shall hold itself to mandatory guidance issued by 'The Institute of Internal Auditors', which includes the "Definition of Internal Auditing", the "Code of Ethics", and the "International Standards for the Professional Practice of Internal Auditing" (the "Standards"). This mandatory guidance constitutes the fundamental requirements for the professional practice of internal auditing and the principles against which the effectiveness of Internal Audit's performance is to be evaluated.

In particular, IA ensures that its objectivity is not adversely affected when it recommends standards of control for systems, or reviews procedures or capital projects while they are being implemented.

The Head of Internal Audit will report periodically to the Chief Executive, the Deputy Chief Executive and the Audit Board regarding the internal audit activity's conformance to the Code of Ethics and the Standards.

Findings, conclusions and recommendations relating to Internal Audit Services performed by IA constitute proprietary information of the EIF.

IA shall not communicate information obtained in performance of its tasks or any findings, conclusions or recommendations resulting there from, including any audit reports, to any person, other than in accordance with this Internal Audit Charter.

In particular, IA is not authorised to publish information relating to the Internal Audit Services, whether internally in the EIB Group or externally, without the prior written consent of the EIF.

Internal Audit is accountable for the safeguarding of assets and confidential information obtained in the course of its duties, and for appropriate compliance with the EIF's Data Protection policies and procedures.

IA maintains a quality assurance and improvement programme that covers all aspects of the internal audit activity. The programme includes an evaluation of the internal audit activity's conformance with the Definition of Internal Auditing and the Standards and an evaluation of whether internal auditors apply the Code of Ethics. The programme also assesses the efficiency and effectiveness of the internal audit activity and identifies opportunities for improvement.

The Head of Internal Audit will communicate to the Chief Executive, the Deputy Chief Executive and the Audit Board on the internal audit activity's quality assurance and improvement programme, including results of internal assessments (both ongoing and periodic) and external assessments conducted at least every five years.

8 Confidentiality

9 Quality Assurance and Improvement Programme