



Brussels, 11 October 2016

Dear Mr Hoyer, President of the European Investment Bank,

On behalf of the Greens / EFA group in the European Parliament, we are writing to you about your approach to financial intermediaries and your policy to fight tax avoidance and tax evasion.

As you know, the European Parliament has repeatedly called on the European Investment Bank (EIB) to refrain from cooperating with financial intermediaries having a negative track record in terms of transparency, tax evasion or aggressive tax planning practices or which use other harmful tax practices¹. The European Parliament also called on the EIB to disclose beneficial ownership information; to reinforce its due diligence activities so as to improve the quality of information on ultimate beneficiaries and to conduct more dialogue with civil society organisations to improve its non-cooperation jurisdictions policy².

As a bank owned by and representing the interests of the European Union Member States, it is imperative that your institution steps up to the highest level to fight money laundering, tax evasion and tax avoidance, a priority of President Juncker's Commission and subject to greater inquiry in the European Parliament as well, following the Panama papers and Bahamas Leaks revelations³.

A recent report from Counter Balance entitled "How the EU's bank supports non-transparent investment funds based in tax havens"⁴ has caught our attention. In the report, there is strong evidence that many of the investment funds you are using as financial intermediaries are located in tax havens and secrecy jurisdictions, within and outside the European Union. From 2011 to 2015, the EIB invested €470 million in investment funds located in secrecy jurisdictions.

The report also shows a lack of transparency as to where the money is being spent. Disclosed information is in general limited by your services but in over 20% of the investment funds reviewed by Counter Balance, it was impossible to find any information about the final beneficiaries. We find this problematic, especially since in their decision to grant an EU guarantee to the EIB, the Council and the European Parliament invited the Bank to draw a list of final borrowers in cooperation with the local financial intermediaries⁵.

In 2009, the EIB became the first international financial institution to adopt a public policy explicitly addressing the issue of offshore financial centres, for which we congratulated you at the time. However,

¹ MEP Ernest Urtasun's report on the European Investment Bank annual report 2013
<http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//TEXT+TA+P8-TA-2015-0183+0+DOC+XML+V0//EN>

² European Investment Bank annual report 2014, European Parliament resolution of 28 April 2016
<http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//NONSGML+TA+P8-TA-2016-0200+0+DOC+PDF+V0//EN>

³ <http://www.europarl.europa.eu/committees/fr/pama/home.html>

⁴ http://www.counter-balance.org/wp-content/uploads/2016/09/The-dark-side-of-EIB-funds_report.pdf

⁵ EU guarantee to the EIB against losses under financing operations supporting investment projects outside the Union, recital 29 <http://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:32014D0466&from=EN>

as demonstrated by recent tax scandals such as Offshore Leaks, Luxleaks or more recently the Panama Papers and the Bahamas Leaks, European citizens are getting extremely concerned about the use of tax havens, making it the responsibility of European institutions and banks to have adequate taxation policies in place.

We are therefore writing to ask what are the concrete steps you have been taken since the adoption of the European Parliament resolution on the EIB annual report 2014 in April 2016. We especially would like to know the following:

- How do you plan in a near future to improve the quality of information on ultimate beneficiaries of your programmes?
- What have you done to answer the Parliament's call to make EIB funding via intermediaries contingent upon the disclosure of beneficial ownership information, in accordance with the regulation on European Fund for Strategic Investments⁶?
- When will you oblige your clients to provide public country by country reporting information (i.e. audited information about their sales, assets, employees, profits and tax paid in each country), in line with the recent Commission' proposal on this topic?
- When will you have an adequate Responsible Taxation Policy in place, as your current policy on non-cooperative jurisdictions needs to be updated given the recent scoreboard on tax havens by the European Commission⁷?
- What are the outcomes of the dialogue between EIB, Commission and civil society organisations on reforming the non-cooperative jurisdictions policy?

In a response to MEPs in October 2015, you explained that the EIB is not a legislator but will continue to review its policies in light of lead organisations' output. The European Commission has published several tax reform proposals in the last 12 months, in addition to the three already mentioned above. The January 2015 External Strategy for Effective Taxation⁸ also recalls that EU funds should not be invested in entities in third countries which do not comply with international tax transparency standards.

As Greens / EFA Members of the European Parliament, we noticed that numerous EIB investments are taking place via problematic jurisdictions and we urge you to take the European Parliament's calls for improvement seriously. We look forward to your prompt reply on this matter.

Yours sincerely,

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⁶ Regulation 2015/1017 on the European Fund for Strategic Investments, Article 22 http://eur-lex.europa.eu/legal-content/FR/TXT/?uri=uriserv%3AOJ.L_.2015.169.01.0001.01.ENG

⁷ http://europa.eu/rapid/press-release_IP-16-2996_en.htm

⁸ <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52016DC0024>