

Greens / EFA Group
Members of the European Parliament
European Parliament
60, rue Wiertz
1047 Brussel

Luxembourg, 22 March 2021

SG/GB/2021-244/FS/am

Subject: GREENS/EFA letter on the case of Ms Emma Navarro

Dear distinguished Greens / EFA Group Members of the European Parliament,

Thank you very much for your letter dated 4th of March addressed to President Hoyer who asked us to reply to you. The EIB attaches the utmost importance not only to its compliance with the highest ethical standards in its financing proposals, but also to the integrity of its governing bodies. It is in this light that robust Codes of Conduct and other complementary rules and arrangements apply to members of both the Board of Directors and the Management Committee (“MC”).

As regards the MC, the relevant Code of Conduct is designed, among other considerations, to prevent potential Conflict of Interest and to ensure the independence of its members in the performance of their duties. To further strengthen this principle and address concerns on potential “revolving-doors” situations expressed by the European Ombudsman and the European Parliament in relation to EU institutions and bodies specifically, the EIB Board of Directors amended Article 1.5. of the MC Code of Conduct in March 2019 by incorporating additional provisions stating that the members of the MC may:

- maintain overall responsibility for institutional relations with their constituencies and contribute to business development in the interest of the EIB;
- not use their position or authority in this capacity to be involved in individual project negotiations and implementation

Moreover, the existing arrangements are that both MC members during the period in office and former MC members during the cooling-off period need a binding decision and approval of the EIB Ethics and Compliance Committee (“ECC”) - a body composed of the four longest-serving members of the EIB Board of Directors and of the Chairman of the EIB Audit Committee - before committing to any activity not connected to the Bank’s work.

Ms Emma Navarro has fully complied with the requirement applicable to former members of the EIB Management Committee in the MC Code of Conduct, in particular to articles 1.7 and 4 related to “Activities during cooling-off period”, and requested a binding opinion from the ECC prior to her

appointment as a non-executive member to the Board of Iberdrola Spain, Iberdrola Group's sub-holding company in Spain.

The ECC has performed a comprehensive analysis of the context and related potential conflict of interest situation on 26 November 2020, considering also the management and governing structure of the Iberdrola Group companies. The relevant elements of the ECC analysis and conclusions are the following:

Iberdrola Spain operates as the Iberdrola Group's sub-holding company in Spain, with its own Board of Directors and management team. Its main objective is to ensure the compliance of Iberdrola's operations in Spain with the policies, strategies and general guidelines of the Iberdrola Group and to centralise the provision of common services to what are known as head of business companies. Each head of business company has its own Board of Directors and autonomy in its day-to-day management, administration and controls.

Based on information received, the ECC noted that as non-executive, independent, Member of the Board of Iberdrola Spain, which is of one of the sub-holding companies of the Iberdrola Group, Ms Navarro's role would not require her to participate in, nor provide her with any powers over, any decisions relating to the financing of Iberdrola's projects and hence she would not be involved in decisions relating to EIB Group projects.

Ms Navarro served as EIB Vice President from 1 June 2018 until 15 October 2020. During this time, all negotiations between the EIB and Iberdrola have always been carried out by the EIB services as in accordance with Article 1.5. of the MC Code of Conduct. In accordance with those rules, the contacts of the Vice-President with Iberdrola are limited to the participation on behalf of the Bank in high-level ceremonial signatures related to the Bank's projects, which have been approved by the Board of Directors.

Taking into consideration the above, the ECC did not have any objection to her appointment as a non-executive member to the Board of Iberdrola España, SAU ("Iberdrola Spain"), subject to Ms Navarro's commitment to:

- (i) abstain from any business relation with the EIB Group during the 12 months cooling-off period;
- (ii) abstain from lobbying activities with EIB Group governing bodies and staff on matters falling in her portfolio of activities as a member of the MC during her mandate until the end of the cooling-off period;
- (iii) inform Iberdrola's Board of the requirements under i., ii. above and iv. below.

Furthermore, the ECC (iv) recommended that there is no agreement with Iberdrola restricting her to declare any personal conflict of interest situation arising before the end of the cooling-off period to the ECC which shall decide on the appropriate course of action – in line with Article 1.1.2. of the ECC Operating Rules.

We hope that this information has addressed your concerns regarding the Bank's proper application of its internal procedures for managing potential conflicts of interest of members of its governing bodies.

We also take the opportunity to inform you that:

- according to Art 1.6 of the MC Code of Conduct, former MC members are strictly bound by the obligation of confidentiality in respect of information received in the course of their duties, in accordance with the relevant EIB rules, policies and guidelines;

- former MC members must use their best judgement in declaring immediately to the ECC any personal conflict of interest situation, in particular if harmful for the reputation of the Bank arising before the end of the cooling-off period;
- according to Article 4 of MC Code of Conduct, the ECC may impose terms and conditions in relation to the pursuit of any such approved activity and may revoke at any time its authorisation in connection with such activity.

The EIB firmly believes that transparency helps to build trust in the EU bank. To that end, the EIB Group has adopted a Transparency Policy that is in line with EU transparency requirements and international best practice. We welcome your proposal to enhance the level of transparency even further and appreciate that this can be taken up in the forthcoming update of a number of operational rules of EIB's governing bodies and their sub-committees.

Yours sincerely,

EUROPEAN INVESTMENT BANK



Marjut Falkstedt
Secretary General



Frank Schuster
Director, Governing Bodies Department

cc.

Dr. Werner Hoyer, President

Nicholas Barclay, EIB Head of Compliance

Mikolaj Dowgielewicz, EIB Representative Brussels

Encl: 1

APPLICABLE RULES

Members of the Management Committee are bound by the MC Code of Conduct (CoC).

- According to Article 1.7 of the MC CoC (Proceedings before the ECC): The Ethics and Compliance Committee shall rule on any matter related to conflicts of interest, activities not connected to the Bank's work and activities during the cooling-off period under this Code. Decisions by the ECC are taken in line with the operating rules of the ECC, which shall be binding upon a Member of the Management Committee immediately upon acceptance of their mandate.
- Article 4 of the MC CoC provides explicit guidance on the cooling off provisions. Any former member of the MC who intends to engage in an official or professional position/occupation during the 12 months after they cease to hold office, shall inform the ECC in good time and seek the ECC's general or specific approval. The ECC may impose terms and conditions in relation to the pursuit of this activity and may revoke at any time any authorisation so granted (...).

According to the Operating Rules of the ECC:

- Article 1.1.2., "Pursuant to Art. 11.4 of the Rules of Procedure of the EIB, the ECC shall rule and make decisions on any potential conflict of interest of (...) a former member of the (...) the Management Committee (...)"
- According to Article 3 "Before engaging in any activity not connected with the Bank's work, members of the Management Committee, either during their period in office or during the cooling-off period, shall seek the ECC's approval. The ECC may authorize or prohibit the activity, or impose terms and conditions in relation to the pursuit of any such activity and may revoke at any time its authorization in connection with such activity".