CEB
COUNCIL OF EUROPE DEVELOPMENT BANK
BANQUE DE DEVELOPPEMENT DU CONSEIL DE L'EUROPE

Sustainability Report
GRI Index **2021**



Appendix - GRI Content Index for 2021

The 2021 index of sustainability indicators was prepared on the basis of the internationally recognised standard for sustainability reporting, namely the Global Reporting Initiative (GRI), and in accordance with the latest GRI Standards 2021.

The GRI Index provides an overview of sustainability considerations in the CEB's lending and non-lending services and in its day-to-day functioning and staff management.

The GRI Content Index 2021 can be downloaded from the CEB's website as a separate document.



Table of contents

GRI 1: Foundation

- Statement of Use, GRI 1 and Sector Standard 4

GRI 2: General Disclosures

- The Organization and its Reporting Practices 4
- Activities and Workers 5
- Governance 7
- Strategy, Policies and Practices 12
- Stakeholder Engagement 14

GRI 3: Material Topics

- Disclosures on Material Topics 16

GRI 200, 300 & 400: Topic Standards

OPERATIONAL IMPACT

- Economic Performance 18
- Market Presence 18
- Indirect Economic Impact 19
- Anticorruption 19
- Anti-Competitive Behaviour 20
- Tax 20
- Biodiversity 21
- Emissions 22
- Human Rights Assessment 22
- Local Communities 23
- Public Policy 23

CORPORATE IMPACT

- Economic Performance 24
- Environmental 24
- Materials 25
- Energy 25
- Water and Effluents 26
- Emissions 27
- Waste 28
- Supplier Environmental Assessment 29
- Employment 29
- Labour/Management Relations 30
- Occupational Health and Safety 31
- Training and Education 33
- Diversity and Equal Opportunity 34
- Non-Discrimination 36

GRI 1: Foundation

Statement of use	The CEB has reported in accordance with GRI Standards for the period January 1 2021 to December 31 2021.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard	None.

GRI 2: General Disclosures

THE ORGANIZATION AND ITS REPORTING PRACTICES

2-1 Organizational details

2-1-a Legal name: Council of Europe Development Bank (CEB).

2-1-b Nature of ownership and legal form: The CEB is an international organisation governed by public international law which, according to its mandate, operates as an international financial institution. As an international financial institution, the CEB is owned by its shareholders, namely its 42 member states.

2-1-c Location of headquarters: Paris, France.

2-1-d Countries of operation: According to its mandate, the CEB can provide loans and guarantees in any of its 42 member states. The Bank may also receive voluntary contributions from its members, through fiduciary accounts. As a sign of solidarity among the CEB member states, the Bank is able to provide increased support to a group of 22 "target countries" in Central, Eastern and South-Eastern Europe: Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Cyprus, Czech Republic, Estonia, Georgia, Hungary, Kosovo, Latvia, Lithuania, Malta, Moldova (Republic of), Montenegro, North Macedonia, Poland, Romania, Serbia, Slovak Republic, Slovenia and Turkey.

2-2 Entities included in the organization's sustainability reporting

For both financial and sustainability reporting: Council of Europe Development Bank (CEB).

2-3 Reporting period, frequency and contact point

2-3-a Reporting period: Financial and sustainability reporting is done on an annual basis. The CEB reports on a calendar year basis, from 1 January to 31 December. This report covers the year 2021.

2-3-c Publication date: See date of the Foreword in the main body of the Sustainability Report.

2-3-d Contact point for questions about the report: Corporate Responsibility Division (info@coebank.org)

2-4 Restatements of information

This concerns the CEB's own environmental footprint, as follows:

(i) Some information has been restated compared to what appeared in the GRI Index 2020, namely:
- electricity consumption, which has been revised upwards in 2020 (749 MWh vs 741 MWh);
- waste disposal, which was underestimated in 2019 and 2020, and related GHG emissions (respectively, in tCO_2e: 54.1 vs 32.1 in 2019 and 18.8 vs 11.2 in 2020).

All the figures restated under GRI items 302-1, 302.3, 305.4 and 305.5 are mentioned in italics.

(ii) The scope is unchanged compared to 2020 and, in particular, does not include a project office in Ankara – a light structure that was set up at the end of 2021 (see 2.7).

2-5 External assurance

Currently, the CEB does not seek external assurance for its sustainability reporting. The 2019 materiality assessment was performed with the support of Deloitte France.

ACTIVITIES AND WORKERS

2-6 Activities, value chain, and other business relationships

2-6-a Sector of activity: Financial sector

2-6-b Value chain:

- Activities, products, and services: The CEB invests in social projects that foster inclusion and contribute to improving the living conditions of the most vulnerable populations across Europe. To this effect, the CEB provides loans and guarantees in its 42 member states to finance projects meeting a certain number of criteria. Potential borrowers include governments, local or regional authorities and financial institutions. Loan applications are rigorously reviewed, and related projects are designed and implemented within national sectorial policies, when applicable. From a financing perspective, the CEB has at its disposal a number of different lending instruments (Project loans, Programme loans, Public co-finance facility, EU co-finance facility, Cross-sectoral loans), financing of public private partnerships, guarantees and, through specific programmes (such as the Migrant and Refugee Fund) and, on an ad-hoc basis, grants.

  In 2021, the Bank approved 57 project loans in 30 countries for a total amount of € 4.16 billion. For more information, see the main body of the Sustainability Report.

- Markets served: The CEB invests in social projects that foster inclusion and contribute to improving the living conditions of the most vulnerable populations across Europe. More specifically, the CEB's sectors of action are as follows:
  - Aid to refugees, migrants and displaced persons
  - Housing for low-income persons
  - Creation and preservation of viable jobs
  - Improvement of living conditions in urban and rural areas
  - Natural or ecological disasters
  - Protection of the environment, including climate mitigation and adaptation
  - Protection and rehabilitation of historic and cultural heritage
  - Health
  - Education and vocational training
  - Infrastructure of administrative and judicial public services

  For more details, see:
  - the Loan and Project Financing Policy
  - the Handbook for the Preparation and Implementation of Projects
- Supply chain: The CEB procures supplies, works and services for its own operational needs. In addition, the Bank uses external service providers to provide, among other things, IT services, cleaning and security services on the organisation's premises.
  As an international organisation - to which national legislation on public procurement does not apply - the CEB has its own internal procurement rules. The organisation's supply chain for its own operational needs is governed by the Guidelines on the Internal Procurement of Services, Supplies and Works by the CEB. The related Internal Procurement Procedures were updated in 2017.

  It is the CEB's policy that its Procurement Guidelines and procedures follow the principles of:
  - equal treatment
  - non-discrimination
  - transparency

  The Bank considers that, as a general rule, these principles can best be implemented by effective and fair competition among qualified tenderers and by transparent selection based on considerations of both cost and quality.

The CEB also aims to ensure that the purchase of supplies, works and services required for the satisfactory operation of the CEB:

- is handled in a timely, efficient and effective manner with due regard to the Bank's needs, including a high level of qualifications and quality of services, efficiency and economic use of resources. The notion of quality of services includes compliance with best practices in terms of occupational health and safety policies.
- takes into account sustainability issues with respect to human resources and the environment, in line with its Environmental and Social Safeguards Policy.

The CEB's Environmental Statement of July 2019 underlines the importance of enhancing environmental and social considerations in procurement decisions for its own operational needs. These rules are aligned with those of other international organisations.

For the projects financed by the CEB, there are separate project and loan procurement policies and guidelines. These procurement guidelines detail the principles and methods to be applied when awarding contracts to be financed by CEB loans. Implementing them ensures that funds are used solely for purposes covered by the loan and that special emphasis is placed on economical and efficient implementation of the projects it finances. It is recognised that fairness and transparency of public spending are essential to sound governance and to the sustainability of projects.

For more information, see the CEB's Policies and Guidelines.

- Entities downstream: There are three main groups of CEB customers: member states (e.g. central, regional and local governments), public entities (e.g. public health, education, housing, transport, energy and water companies) and public and private commercial banks (e.g. for on-lending to MSMEs and public entities). All CEB borrowers are located in its 42 member states and at year end 2021, the number of borrowers amounted to 212. This number represents the borrowers for projects in the stock or in loans outstanding.

2-6-c Other relevant business relationships: The CEB works closely with its member states and with the European Union. Complementary to its financing, the Bank manages these partners' donations and trust funds in the form of grant financing, technical assistance and guarantees. For more information, see the CEB website: Donors and trust funds.

2-6-d Significant changes compared to the previous reporting period: None.

2-7 Employees

As at 31 December 2021, the CEB's workforce was made up of 213 staff members (54% women / 46% men). Of these staff members, 70% were professional staff (46% women / 54% men) and 30% were support staff (72% women / 28% men) comprising 32 different nationalities. Out of the 213 staff members, 158 were on indefinite-term contracts and 58 on fixed-term contracts. 5 were working part time (100% women), and 208 were full-time (53% women / 47% men). The CEB has two offices, the headquarters located in Paris and a project office located in Ankara which has 1 permanent staff member and 5 staff hired locally on temporary contracts.

The CEB does not employ staff on a non-guaranteed hours basis.

For more information on staff nationality, see 405-1.

2-8 Workers who are not employees

The CEB makes use of service providers (e.g. IT, security, facilities) that provide staff not directly employed by the Bank. As at 31 December 2021, with no significant change over the time period, the full-time equivalent provided through service contracts stood at about:

Category	Number
IT	20
Security	6
Facilities	5

GOVERNANCE

2-9 Governance structure and composition

Like other international organisations/international financial institutions governed by public international law, the CEB has a specific governance structure established by virtue of its Articles of Agreement. The CEB has the following statutory bodies:

1) the **Governing Board**, which is the CEB's "supreme body", competent for all matters not delegated to the Administrative Council;
2) the **Administrative Council**, which, amongst its delegated powers, approves lending operations in favour of proposed projects and gives its opinion on all decisions having financial consequences;
3) the **Governor**, who is the legal representative of the Bank, is the head of the Bank's operational services and conducts day-to-day business on the instructions of the Administrative Council;
4) the **Auditing Board**, which is independent from all the other statutory bodies and inspects the CEB's annual accounts.

Both the Governing Board and the Administrative Council are composed of a chairperson and one representative appointed by each of the 42 member states. For an overview of the members of the CEB's governing bodies, see the Bank's website and GRI 405-1 on diversity of governance bodies.

The **Governor** is appointed by the Governing Board. The Governor, who is assisted by one or more Vice-Governors, is the Bank's legal representative and the head of its operational services. The Governor conducts the day-to-day business within the framework of the decisions adopted by the Governing Board and the Administrative Council. As of 31 December 2021, the Governor (Carlo Monticelli, previously CEB Vice-Governor for Financial Strategy, who was appointed CEB Governor in June 2021 and took up his five-year mandate on 18 December 2021) was assisted by one Vice-Governor: Tomáš Boček (Target Group Countries, appointed in 2019 and re-appointed in April 2021 for a five-year mandate).

For more information on the governance structure, see the Activity Report ("Governing structure") or the CEB's website.

2-10 Nomination and selection of the highest governance body

One member and a substitute for the Governing Board and the Administrative Council are appointed by each of the 42 member states. Typically, members of the Governing Board are Ambassadors at the Council of Europe, or other foreign ministry officials, and members of the Administrative Council are sent by the Ministries of Finance or Economy. See GRI 405-1 on diversity of governance bodies.

2-11 Chair of the highest governance body

Both the Governing Board and the Administrative Council chairpersons are appointed by the Governing Board for a three-year term renewable once. The chairpersons do not have voting powers and are not senior executives of the Bank. The vice-chairpersons are elected from among the members of the Governing Board and the Administrative Council, for a two-year term renewable once, and conserve their voting rights.

2-12 Role of the highest governance body in overseeing the management of impacts

2-12-a Role in policies and goals related to sustainable development: The Governing Board, which, pursuant to the CEB's Articles of Agreement, is the Bank's "supreme body", is competent, notably, to set out the general orientations for the CEB's activity and to approve the annual report and financial statements.

Among the powers delegated to it by the Governing Board, the Administrative Council establishes and supervises operational policies and approves lending operations in favour of projects.

For an overview of the topics that have been on the agenda of these bodies, see Governing Board 'Meetings in 2021' and Administrative Council 'Meetings in 2021' on the website.

In 2020, the Administrative Council asked the Bank to further its climate approach. Later in 2021, it approved the CEB's Paris Alignment climate approach and will be regularly updated on its implementation by the Paris Alignment Steering Committee set in place to advance the CEB's climate approach.

2-12-b Role in overseeing due diligence and impacts on the economy, environment, and people: As a multilateral development bank with a social purpose, the CEB provides finance and expertise for economically,

environmentally and socially sound investment projects across its European membership, which contribute to improving the living conditions of the most vulnerable populations, including refugees and migrants, and, more broadly, to strengthening social cohesion.

The Directorate for Technical Assessment & Monitoring (TAM) is responsible for the technical appraisal and monitoring of projects financed by the Bank. TAM's appraisal and monitoring processes include the assessment of economic, environmental and social opportunities and risks. Environmental and social risks are screened and managed in accordance with the CEB's Environmental and Social Safeguards Policy. TAM's analysis of these risks and recommendations for their management are integrated in the Loan Document that is presented to the Administrative Council, and reflected in the Framework Loan Agreement for each project. During implementation of the project, TAM reviews the management of environmental and social risks, carrying out site visits where appropriate. The results of the monitoring are reported to the Bank's Management. The Administrative Council does not currently engage with external stakeholders.

In addition, the Directorate for Loans & Social Development (L&D) has monitoring experts who follow up on project quality and oversee that projects are implemented according to the initially outlined specifications.

The CEB also has an Office of Evaluation (EVO) which contributes to improving the quality of future projects based on in-depth and rigorous analyses of past project and programme outputs and outcomes.

In 2020, the Bank put into practice its framework for mapping CEB-financed projects against the SDGs. For all the 57 projects approved in 2021 totalling € 4.16 billion, a set of relevant key SDGs were identified according to the objectives and characteristics of each project (for more information on the SDGs, see the main body of the Report).

2-12-c Effectiveness of due diligence processes: Risk management at the CEB is based on a prudent Risk Management Framework through strong governance, policies, procedures, limits and controls that provide the Bank with the appropriate tools to identify, assess, monitor, report, mitigate and control risks throughout the Bank. While the Bank is not subject to member states' regulations, it considers the European Union Directives on banking regulation and the recommendations of the Basel Committee on Banking Supervision as the references for its Risk Management Framework.

The Bank's risk and control policies are based on international best banking practices and validated by internal committees composed of members of the CEB's senior management and ultimately approved by the Bank's governing bodies. The Bank continuously reassesses its Risk Management and Control Framework to ensure that it is able to fulfil its objective.

The Directorate for Risk & Control (R&C) is responsible for implementing the Risk Management Framework within the CEB and is independent from other operational and business directorates, reporting directly to the Governor. The divisions within the Directorate for R&C are dedicated to specific risk areas: credit risk, operational risk, financial transactions, derivatives and collateral management. The Asset & Liability Management (ALM) Unit in the Finance Directorate is in charge of managing the Bank's market risk (interest and currency exchange rate) and liquidity risk.

The decision-making committees in charge of defining and overseeing the Risk Management Framework are chaired by the Governor:

- The **Credit Risk Committee (CRC)** meets on a weekly basis and takes credit decisions in relation to lending and treasury exposure based on internal credit risk assessments and recommendations.
- The **Asset & Liability Management Committee (ALCO)** meets on a monthly basis to formulate strategic orientations and, on a forward-looking basis, to address interest rate, foreign exchange rate and liquidity risks arising throughout the balance sheet. In addition, on a quarterly basis, a "Special ALCO" meeting addresses ALM and funding issues.
- The **Committee for Operational Risks & Organisation** reviews operational risk issues at the CEB on a semi-annual basis and ensures that adequate steps are taken to mitigate, monitor and control these risks.
- The **IT Steering Committee** reviews information systems issues and takes the appropriate actions to ensure operational resilience and business continuity.

In view of the Bank's credit track record, the organisation and processes have proven to be effective, with almost no impairments in over 60 years since the institution's inception.

In 2021, a CEB dedicated task forced started exploring options and methodologies to update the CEB's climate-related risk assessment and monitoring framework. This inter-service work entailed the analysis of existing requirements and trends in the financial sector (e.g. Task Force on Climate-related Financial Disclosures, ECB guidelines, EU Non-Financial Reporting Directive, ESG rating agencies) as well as the identification and testing of potential methodologies and tools to identify climate-related risks and report on them.

2-13 Delegation of responsibility for managing impacts

2-13-a Highest governance body delegating responsibility for managing the organization's impacts on the economy, environment, and people
2-13-b Senior executives or other employees to report back to the highest governance body on the management of impacts

As the social development bank for Europe, economic, environmental and social considerations are embedded in almost all the CEB's activities. While the Bank's Governor is ultimately responsible for these topics, numerous directorates and teams also work on diverse sustainability-related topics:

- *Division for Corporate Social Responsibility,* in charge of topics concerning the whole organisation, e.g. ESG ratings, stakeholder engagement, disclosure, and coordination between directorates
- *Compliance,* working on integrity and transparency in the conduct of all the CEB's activities, ranging from anti-money laundering, to whistleblowing, to IT systems security.
- *Corporate Services,* working on human resources, e.g. gender equality and wellbeing, and issues related to facility management, e.g. office energy consumption and waste management.
- *Evaluation,* working on independent evaluations of CEB-financed projects to assess their social performance and derive lessons learnt for the CEB's future work.
- *Finance,* working on funding the Bank's project financing on competitive terms, and accelerating the development of the social bond market, for example by issuing the CEB's Social Inclusion Bonds.
- *General Counsel*, in charge of ensuring that policy commitments in connection with sustainability (environmental and social safeguards, fraud, corruption and other prohibited practices) are adequately reflected in contractual instruments.
- *Loans & Social Development,* working with borrowers to develop their projects and maximise their social value added in close cooperation with sector and thematic experts in Technical Assessment & Monitoring.
- *Risk & Control,* addressing risks touching upon the Bank's own internal operations and, starting in 2021, looking to integrate climate-related and environmental risk considerations in counterparty risk assessment and the risk appetite framework.
- *Technical Assessment & Monitoring,* working with borrowers on maximising environmental, social and climate-related benefits and managing environmental, social and climate-related risks and negative impacts throughout the project cycle; greening project-related and CEB corporate procurement; providing advisory support for clients on sustainability aspects either directly or through external experts.
- *The Paris Alignment Steering Committee:* gathering the Bank's senior management from the relevant teams listed above to coordinate the further development of the CEB's approach on alignment with the Paris Agreement on climate. Working groups at operational level report to the Steering Committee which updates the Governor who is accountable to the Administrative Council.

2-14 Role of the highest governance body in sustainability reporting

2-14-a Highest governance body responsible for reviewing and approving the reported information
2-14-b Highest governance body not responsible for reviewing and approving the reported information

The Bank's Annual Sustainability Report is on the agenda at every 'Spring meeting' of the Administrative Council and the Governing Board, as is the case for other annual reports such as the Report of the Governor (i.e. activity report), the CEB and Donors Report and other reports for internal purposes. However, in accordance with the Bank's Articles of Agreement, the Governing Board only formally approves "the Bank's annual report, the balance sheet, the income statement and the notes to the financial statements" upon recommendation of the Administrative Council.

2-15 Conflicts of interest

2-15-a Processes for the highest governance body to ensure that conflicts of interest are prevented and mitigated: The CEB has Codes of Conduct which set out the ethical rules that must govern the conduct of those working for the CEB (Chairpersons) and members of the Collegial Bodies, Governor, Vice-Governors, staff members and contractual collaborators, and help them to abide by those rules, and to inform their colleagues, the CEB's organs and the general public of the standard of conduct they are entitled to expect.

The Codes of Conduct, approved by the Administrative Council and the Governing Board on 10 and 11 June 2021 and effective as of 21 June 2021, apply respectively to:

- the Governor, Vice-Governors, staff members and to contractual collaborators or service providers
- the Chairpersons and members of the Collegial Bodies (Governing Board and Administrative Council)
- the members of the Auditing Board

Each Code of Conduct has a specific provision that deals with the issue of conflicts of interest in full. As an example, the one applicable to the chairpersons and members of the Collegial Bodies provides that:

"The chairpersons and members of the Collegial Organs must ensure that no personal interests or any particular financial interests in any way affect their activities on behalf of the CEB or jeopardise the image of the CEB, given the information of which they have knowledge within the framework of the performance of their duties. The chairpersons and members of the Collegial Organs remain bound to respect these obligations after their mandate expires.

Should an actual or apparent conflict of interest arise, the Collegial Organ chairperson or member shall promptly disclose the matter to the Chief Compliance Officer (CCO) for guidance. They shall recluse themselves by withdrawing from any attendance of or participation in deliberations or decision-making connected with their particular case, unless the CCO deems otherwise."

2-15-b: Disclosure of conflicts of interest to stakeholders: Given the nature of the CEB this is not applicable.

2-16 Communication of critical concerns

2-16-a Critical concerns communicated to the highest governance body

The Chief Compliance Officer, according to the CEB's Compliance Policy, reports directly to the Governor, and reports on all complaints and ongoing investigations.

2-16-b Total number and the nature of critical concerns communicated No critical concerns were communicated to the highest governance body in 2021.

2-17 Collective knowledge of the highest governance body

In 2021, the Administrative Council and Governing Board were briefed twice on climate change, climate risk and the Bank's Paris Alignment framework.

2-18 Evaluation of the performance of the highest governance body

2-18-a Processes for evaluating the performance of the highest governance body in overseeing management of the organization's impacts

2-18-b Independence of evaluations, and the frequency of the evaluations

2-18-c Actions taken in response to the evaluations

The highest governance body at the CEB is the Governing Board, which consists of a chairperson and, currently, 42 members, i.e. one representative appointed by each of the Bank's member states. The latter are also for the most part the ambassadors and representatives of their respective countries to the Council of Europe. Here, such evaluation cannot apply, including with respect to ESG performance.

2-19 Remuneration policies

Compensation for the Governing Board and Administrative Council chairpersons and for "Appointed Officials" (Governor and Vice-Governors) is individually and fully disclosed in the Financial Report (see Note A – Item 10). There is no variable pay, bonuses, incentives or clawbacks for them. However, staff members may be entitled to bonuses according to their annual performance. Each performance level is assigned a bonus level equal to a percentage of the basic monthly salary as at 1 January of the year the bonus is distributed.

The Bank provides two types of applicable benefits with a retirement pension if the staff member leaves the Bank after completing at least 10 years of service and a leaving allowance if the staff member leaves the Bank before completing this period of 10 years.

The pension entitlement starts as of age 65 – except for those staff members hired prior to 1/1/2014, where the entitlement can start as of age 60. Staff members may also ask to retire early. Finally, early departures, or departures by mutual agreement, may be granted based on budget availability and the business needs of the Bank.

The amount of the retirement pension is proportionate to the number of years of service at the Bank and, as the case may be, of prior service validated by the CEB in a Co-ordinated Organisation. The retirement pension = 2% x the number of annuities acquired x last basic salary reached not less than one year before retirement (for staff who were recruited before 01/01/2014) and 1.75% x the number of annuities acquired x last basic salary reached not less than one year before retirement (for staff members who were recruited on or after 01/01/2014).

For staff leaving the Bank before having 10 years of service (i.e. not eligible for a pension), a leaving allowance is attributed, corresponding to an amount = 1.5 month of the last basic salary * number of annuities for staff members recruited before 01/01/2014 + the amount of the sums withheld from the staff member's pay as contribution towards the pension, plus compound interest at a rate of 4% per year. The leaving allowance amount = 2.7 * rate of contribution as applied to last annual salary * number of reckonable years of service credited for staff members recruited on or after 01/01/2014.

In addition to retirement benefits for permanent staff members, the pension scheme provides benefits for staff members and their beneficiaries and acts as social/provident cover in following cases:

- Invalidity pension: which is paid to the staff member if they are made a total and permanent invalid while working for the Bank
- Survivor's pension: which is provided for the surviving spouse and/or ex-spouse
- Orphans' or dependents' pension: which is paid to the beneficiaries who are identified and recognised by the Human Resources Division

Retirement benefits are paid according to Appendix V and Appendix V bis to the Staff Regulations.

2-20 Process to determine remuneration

Remuneration is fixed and indexed in line with an adjustment established by the salary methodology of the Co-ordinated Organisations (see below). The Bank's remuneration system is part of the legal and institutional framework set out in the Bank's Regulations, Staff Regulations and the mechanism of the Co-ordinated Organisations. The CEB is committed to workplace gender equality including to provide equal pay for equivalent work.

Each year, the International Service for Remunerations and Pensions (ISRP) calculates the adjustment index which defines the progression of the basic salary for most Co-ordinated Organisations, including the Bank. The principal elements considered in the calculation of the remuneration adjustment index are the following:

- The average change in real terms (after inflation) of net remunerations of eight national civil services of reference (Belgium, France, Germany, Italy, Luxembourg, Netherlands, Spain and United Kingdom)
- The inflation rate in France
- The difference in the cost of living between France and Belgium since the last adjustment of the index

Therefore, in early January of each year, once the adjustment is set, the Bank's salary scale is updated.

2-21 Annual total compensation ratio

2-21-a Ratio of the annual total compensation for the organization's highest-paid individual to the median annual total compensation for all employees (excluding the highest-paid individual): 2.03

2-21-b Ratio of the percentage increase in annual total compensation for the organization's highest-paid individual to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual): 1

2-21-c Contextual information: none.

STRATEGY, POLICIES AND PRACTICES

2-22 Statement on sustainable development strategy
See the 'Foreword by the Governor' in the 2021 Sustainability Report, and the Development Plan 2020-2022 approved by the Governing Board.

2-23 Policy commitments
2-23-a Policy commitments for responsible business conduct

- Authoritative intergovernmental instruments that the commitments reference: As stated in the CEB's Development Plan 2020-2022: *"The Bank's approach in terms of social safeguard review and management draws upon the principles enshrined in the Council of Europe Convention for the Protection of Human Rights and Fundamental Freedoms and European Social Charter.*
- Commitments stipulate conducting due diligence: *"…applications for loans or guarantees shall be submitted to the [Bank's] Administrative Council after receipt of the Secretary General [of the Council of Europe]'s opinion as to admissibility based on the project's conformity with the political and social aims of the Council of Europe"* (Article XIII of the Bank's Articles of Agreement).
- Commitments stipulate applying the precautionary principle: Application of the precautionary principle is integrated in the CEB's Environmental and Social Safeguards Policy (para. 18). *"The CEB may apply the precautionary principle when it considers that the potentially adverse effects of a Project are not adequately mitigated or that the likely residual environmental impacts outweigh the expected social benefits"*.
- Commitments stipulate respecting human rights: The Council of Europe is kept regularly informed of the Bank's activities and its Secretary General plays an important role in issuing an opinion on admissibility from a political and social point of view for every project submitted to the Bank's Administrative Council. The CEB Loan and Project Financing Policy provides that all projects shall be in conformity with the provisions contained in the Convention and Charter cited before.
  The CEB can provide targeted funding to borrowers for technical assistance to help clients specifically manage social and human rights risk on projects where needed.

2-23-b Specific policy commitment to respect human rights

- Internationally recognised human rights that the commitment covers
- Categories of stakeholders the organization gives particular attention to in the commitment:
  The Council of Europe Convention for the Protection of Human Rights and Fundamental Freedoms and European Social Charter specifically emphasise principles related to: Conditions and rights of workers, Protection of vulnerable groups, Forced labour and child labour, Gender equality and non-discrimination, Protection of livelihoods and housing, Community health and safety and Stakeholder information and consultation (Annex 5 of the Development Plan).

2-23-d Level at which each of the policy commitments was approved within the organization
Articles of Agreement: Committee of Ministers of the Council of Europe in 1956 – in the form of a Partial Agreement between 8 Council of Europe member states (the Third Protocol to the General Agreement on Privileges and Immunities of the Council of Europe was concluded within this framework). Since then, new Articles of Agreement were adopted in 1993 by the Bank's Governing Board (which, however, cannot make any changes in the stated aims – e.g. Article II 'Purpose' can only be amended by the Committee of Ministers of the Council of Europe).
Development Plan 2020-2022: Governing Board upon recommendation of the Administrative Council
CEB Loan and Project Financing Policy: Administrative Council
CEB Loan Regulations: Administrative Council
Environmental and Social Safeguards Policy: Administrative Council

2-23-e Policy commitments applying to the organization's activities and to its business relationships
2-23-f How policy commitments are communicated to workers, business partners, and other relevant parties
The CEB is committed to conducting its internal operations in a socially responsible manner. As a general rule and in accordance with its specific social focus, the CEB will not finance large scale industrial operations which may generate important social risks.

In accordance with the CEB Loan Regulations, in case the implementation of a project financed by the Bank leads to a violation of the Human Rights Convention or the Social Charter, the Bank may suspend/cancel undisbursed loan amounts under the loans and/or demand early reimbursement of disbursed amounts.

2-24 Embedding policy commitments
Please see 2-23-a, 2-23-e and 2-23-f.

2-25 Processes to remediate negative impacts
2-26 Mechanisms for seeking advice and raising concerns

The CEB provides its staff members with a comprehensive internal justice system to resolve and provide redress for staff issues and grievances using informal and formal mechanisms, including a mediator.

With respect to the issue of potential negative impacts from projects, the CEB's Environmental and Social Safeguards Policy in particular *"requires the Borrower to address Project-related Community Health and Safety matters and Stakeholder Information and Consultation"*.

The CEB has a comprehensive and publicly available compliance framework, including *inter alia* a Compliance Policy, an Anticorruption Charter, a Policy on Non-Compliant/Uncooperative Jurisdictions, Guidelines on the internal procurement of services, supplies and works, Codes of Conduct, Integrity and Dignity at Work, Integrity Due Diligence Guidelines & Procedures, Guidelines for additional Tax Due Diligence for projects financed by the CEB, and a Whistleblowing Policy.

The Office of the Chief Compliance Officer (OCCO) identifies compliance risk, assesses compliance risk, advises the Governor and management committees on relevant rules and standards and ensures that the CEB is aware of, and follows, best market principles and international standards regarding the prevention of money laundering and terrorist financing, fraud and corruption and other prohibited practices. OCCO also designs, recommends and maintains the policies, rules and procedures governing dignity, ethical behaviour and integrity towards counterparties and third parties, advises staff and gives guidance on conflicts of interest, prevention of insider trading, protection of confidential information and ethical issues. When a request for opinion arises, the entry points used as advice, help and raising concerns lines, both internally and externally, are compliance@coebank.org and OCCO-whistleblowing@coebank.org.

Apart from the entry points mentioned above, OCCO has a full set of procedures, terms of reference and dedicated forms that specifically refer to reporting unlawful/unethical behaviour or misconduct.

At the CEB, there are several complaint mechanisms:

1) Whistleblowing: OCCO handles information and tip-offs received from whistle-blowers, and complaints related to potential fraud or corruption. For this purpose a dedicated email address and a website-contact box are available on the CEB's website.

2) Project-related complaints: For projects financed by the CEB, the Handbook for the Preparation and Implementation of Projects contains a requirement that the Borrower establish a procedure that will address concerns or complaints of persons who are adversely affected by direct environmental and/or social impacts related to the project's implementation. Project-related complaints submitted to OCCO are registered under two categories: a) complaints related to potential fraud, corruption, collusion, coercion, bribery and/or procurement related complaints and b) complaints related to the ESG matters.

3) Procurement-related complaints, for projects, are handled as per the Procurement Guidelines, and the CEB's own procurement is handled under the Guidelines on the internal procurement of services, supplies and works.

4) Access-to-Information-related complaints are handled according to the procedure set out in the CEB's new Public Information Policy and its Annex.

5) Grant-related complaints: the complaints handling process regarding the awarding of grants by the CEB is set out in the Governor's Rule laying down the CEB's competitive procedures for awarding grants.

2-27 Compliance with laws and regulations

Non-compliance with laws and regulations in 2021: none.

2-28 Membership associations

In 2017, the CEB joined the global Climate action in financial institutions initiative, thereby endorsing five voluntary principles for mainstreaming climate action. The CEB joined the coalition as part of the multilateral development bank (MDB) group. In 2018, the CEB obtained permanent observer status to the UN Framework Convention on Climate Change (UN FCCC) and joined the initiative for Harmonized Indicators for Private Sector Operations (HIPSO). As a founding member of the ICMA Social Bond Working Group, the CEB helped develop the Social Bond Principles and regularly contributes to its sub-working groups.

At COP26, the CEB was a signatory of a joint statement on 'Collective climate ambition' along with nine other multilateral development banks.

In 2021, the CEB was a grand partner of the second edition of the Finance in Common Summit, where it promoted collective action to address the 2030 Agenda for Sustainable Development and in particular the Coalition for Social Investment that the Bank co-leads with Agence Française de Développement.

Over the years, the CEB has forged partnerships with other international organisations and donors to bring additional financing and greater expertise to the projects it supports. In addition to its natural links with the Council of Europe, the CEB has become a partner of choice to the European Union and regularly cooperates with other international financial institutions (IFIs), and with several United Nations specialised agencies (in 2017, the CEB and UNDP agreed to extend their cooperation for another five years, aiming to scale up their support for achieving the UN Sustainable Development Goals (SDGs) in South-Eastern Europe, Turkey, Republic of Moldova and Georgia). In 2019, the CEB renewed its memorandum of agreement with UNICEF.

During the course of 2021, the CEB underwent a new and enhanced EU Pillar Assessment in order to reconfirm its capability to be a partner to the EU in implementing projects with EU funds and grants.[1] This is particularly important for the CEB to become an implementing partner to the InvestEU Programme 2021-2027 with total guarantees worth € 26.2 billion aimed at spurring investments in sustainable infrastructure, research and innovation, SMEs and social investments and skills. The Pilar Assessment process was completed in early 2022. The Bank is also member of the European Association of Long-term Investors (ELTI).

STAKEHOLDER ENGAGEMENT

2-29 Approach to stakeholder engagement

As stated in the CEB's Public Information Policy, the Bank *"acknowledges the merits of constructive dialogue with representatives of civil society (nongovernmental organisations, etc.), and recognises that any such dialogue must necessarily be proportioned to its size and to its sectors of action."* The CEB engages in such dialogue on a case-by-case basis.

Categories of stakeholders engaged, and their identification: In 2019, the CEB actively engaged with a large number of its stakeholders, both internal and external, to better understand their expectations towards the Bank, especially regarding numerous specific sustainability topics. This approach is often referred to as a materiality assessment. The stakeholders contacted were identified by asking CEB staff working on sustainability topics for their key contacts, but also through desk research and the expertise of the materiality consultant (i.e. Deloitte).

For the assessment, as well as during normal course of business, the stakeholder groups engaged by the Bank are: *the CEB's Governing Board, Administrative Council, Auditing Board, management, staff representatives, the Council of Europe, business partners (e.g. commercial banks, borrowers and suppliers), EU institutions, international public organisations, financial sector associations, civil society representatives and researchers*.

[1] In 2015 an EU Pillar Assessment was carried out covering the topics of *Internal control system, Accounting system, Independent external audit, Procurement, and Sub-delegation*.

Purpose of the stakeholder engagement & Seeking to ensure meaningful engagement: The 2019 materiality assessment helps the CEB to further tailor not only its reporting and disclosure, but also its actions on the sustainability issues raised. The outcome of the exercise directly fed into the process of defining the CEB's medium-term strategy, i.e. the Development Plan 2020-2022.

To learn more about the CEB's materiality assessment see items 3-1, 3-2 and 3-3 below.

2-30 Collective bargaining agreements

2-30-a Percentage of total employees covered by collective bargaining agreements

2-30-b Report whether the organization determines their working conditions and terms of employment based on collective bargaining agreements

The CEB's employees are staff of an international finance institution. Based on the CEB's legal status as an international organisation with its privileges and immunities, neither the host country's labour laws nor those of its member countries apply to its staff members. There is no system of collective bargaining agreements.

The system of remuneration at the CEB is part of a legal and institutional framework defined by the Bank's Regulations and its Staff Regulations. Furthermore, as an organisation attached to the system of Co-ordinated Organisations due to its link with the Council of Europe, the CEB follows the Co-ordinated Organisation rules on matters of remuneration and salary adjustments.

The structure of the total compensation is specifically outlined in Article 41 of the Staff Regulations and Appendix IV thereto (Regulations governing staff salaries and allowances).

Each year, the Co-ordination Committee on Remunerations calculates the adjustment index that defines the progression of the basic salary for the Co-ordinated Organisations and attached organisations such as the CEB.

All the CEB's staff members enjoy the full right to associate and may belong to trade unions or professional organisations, subject to the CEB's staff-related documents and the Codes of Conduct.

The **Staff Committee,** elected by the staff every two years, represents the general interests of the staff and contributes to the smooth running of the CEB by providing the staff with a channel for the expression of their opinions. The Staff Committee participates directly or is represented by staff members whom it appoints to sit on a number of commissions and committees created within the Bank and which require staff participation. Staff members are thus represented on the:

- Health and Safety Committee
- Advisory Pension Committee
- Personal Data Protection Commission
- Advisory Committee on Disputes and the Disciplinary Board

The CEB also has a **General Meeting of Staff** which enables all staff members to express their opinions on their conditions of employment and work. The General Meeting of Staff is a body in which all retired staff members may also express their opinions on the conditions that concern them. It meets at least once a year in ordinary session and may also be convened in extraordinary session.

The **Joint Committee** is a consultative organ in charge of facilitating cooperation between the administration and staff on questions of a general nature. It may be consulted by the Governor or by the Staff Committee accordingly. It also gives its opinion on measures for the termination of service, as provided for in the Regulations on indemnity for loss of job.

GRI 3: Material Topics

DISCLOSURES ON MATERIAL TOPICS

3-1 Process to determine material topics

3-1-a Process to determine material topics

As outlined in item 2-29, the CEB performed a full materiality assessment in 2019. Engagement with internal and external stakeholders was done through an online questionnaire and structured interviews that informed the prioritisation of topics. For the CEB's materiality assessment, participants had to rate each issue for two different aspects:

- Importance according to their own view *('Importance to Stakeholders'),*
- Their perception of where the CEB can be most impactful *('CEB Impact')*.

The project followed good practice and a robust materiality methodology, along the following steps:

1. **Issue list:** A list of 16 potentially material issues was developed based on a desk review, e.g. SASB, GRI, SDGs, ISS-ESG and Sustainalytics, and Deloitte expertise. The 16 identified issues were grouped into four categories: Operations, Employees, Governance & Ethics and Project Impact.
2. **Insights gathered**: An online survey was sent to internal and external stakeholders. A similar set of questions was discussed during interviews with the CEB's top management. Overall, 79 stakeholders shared their insights with the CEB.
3. **Materiality analysis**: The data was collected with Deloitte's survey tool, and converted into a materiality tool customised to the CEB that allows for mapping of these issues (see the figure below). Based on the findings, the consultant developed recommendations.

Further information on the materiality assessment can be found in the 2019 CSR Report and on the CEB's website.

3-1-b Stakeholders and experts whose views have informed the process

The assessment was performed in concert with a consultant, i.e. Deloitte France.

3-2 List of material topics

3-2-a List of material topics

The key message from the materiality assessment was that the CEB's strategy and reporting are closely aligned with stakeholder expectations. The Bank's three lines of action, as set forth in the Development Plan 2020-2022 drafted in parallel with the materiality assessment, were mentioned by stakeholders as 'top priorities':

CEB Development Plan - lines of action	CEB Materiality - top priorities
Inclusive growth	Inclusive economic growth
Environmental sustainability	Climate mitigation & adaption
Support for vulnerable groups	Support for vulnerable groups & human rights

The exercise also shed light on the importance of issues related to governance and ethics, e.g. compliance, anti-corruption, reporting and transparency, gender and women's empowerment. In its annual reporting, the CEB seeks to address these topics.

In terms of potential improvements that became clear through the assessment, stakeholders would like the CEB to disclose even more information on key material issues, the CEB's specific impact on them, and the Bank's related frameworks and approaches, e.g. project screening and monitoring approaches, environmental strategy and related KPIs, or the scope of human rights covered.

Stakeholders underlined the importance of the UN SDGs and want the CEB to contribute to them. Naturally, during the normal course of business, the CEB engages with its key stakeholders. A finding from these recent exchanges is that the topic of climate change has been growing further in importance.

The 16 material topics identified were the following:

Operations:
- Community & stakeholder engagement
- Environmental impact of the CEB
- Information security & privacy

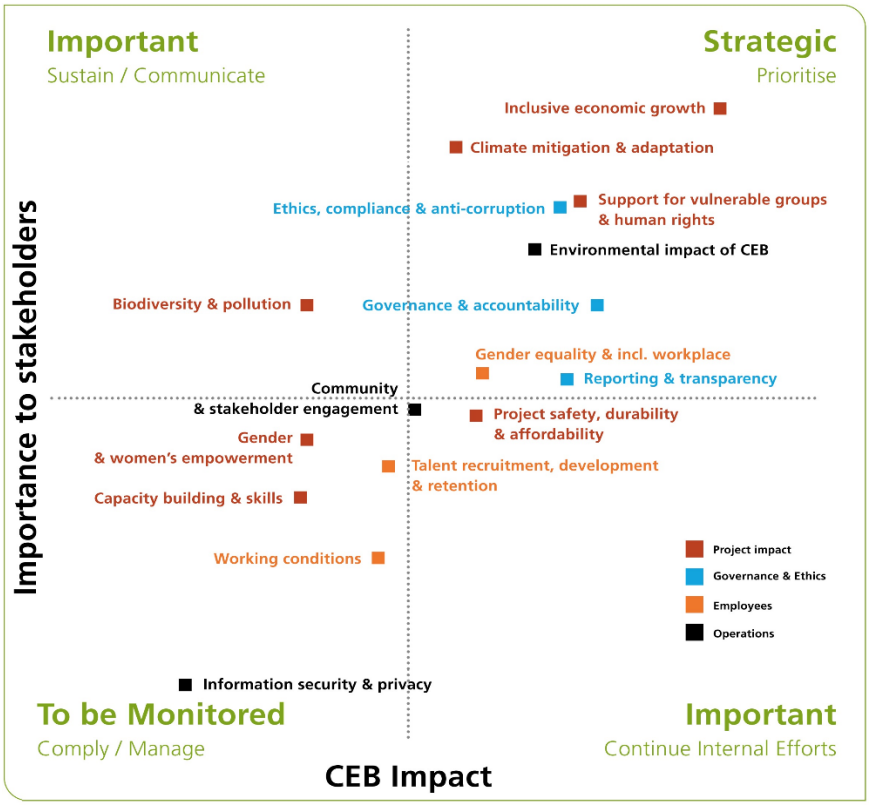
Employees:
- Gender equality & inclusive workplace
- Talent recruitment, develop. & retention
- Working conditions

Governance & Ethics:
- Ethics, compliance & anti-corruption
- Governance & accountability
- Reporting & transparency

Project Impact:
- Inclusive economic growth
- Support for vulnerable groups & human rights
- Gender & women's empowerment
- Climate mitigation & adaptation
- Biodiversity & pollution
- Project safety, durability & affordability
- Capacity building & skills

The stakeholders' assessments of the relevance and importance of these topics to the CEB are summarised in the materiality matrix depicted below.

Figure – The CEB's materiality matrix



3-2-b Changes to material topics compared to the previous reporting period: not applicable.

3-3 Management of material topics

The full materiality assessment largely supported the Bank's management approach, as outlined in 3-1 and 3-2 and in the 2019 CSR Report and on the CEB's website. The management approach for issues deemed material is presented individually in the chapters on 'Operational Impacts' and 'Corporate Impacts' below.

Topic Standards
OPERATIONAL IMPACTS

ECONOMIC – GRI 200

ECONOMIC PERFORMANCE – GRI 201

3-3 Management of material topics

The CEB provides loans to co-finance projects in any of its 42 member states, in accordance with its social mandate. Potential borrowers include governments, regional or local authorities, and public or private financial institutions. Thanks to its excellent credit rating (AAA outlook stable with Standard & Poor's, AAA outlook stable (unsolicited) with Scope Ratings, Aa1 outlook stable with Moody's, and AA+ outlook positive with Fitch Ratings[2]), the CEB raises funds on the international capital markets on competitive terms, thus enabling its borrowers to significantly reduce the cost of the loans they take out to finance social projects. Along with its peers, the CEB faces a challenging economic and financial operating environment, especially due to very low interest rates that generate a reduction of its net profit, while remaining in line with the Bank's expectations.

201-1 Direct economic value generated and distributed

See the 2021 Financial Report (including the Key Figures and the Financial Summary) for extensive information.

201-2 Financial implications and other risks and opportunities due to climate change

The CEB assesses environmental considerations in all the projects it finances. It acknowledges the importance of climate change, as underscored by the Development Plan 2020-2022, which introduced 'environmental sustainability' including climate change as one of its three strategic lines of action. To address the challenges of climate change and to support the transition to a low carbon economy, climate change risks and opportunities as regards the CEB's lending operations are addressed in the Environmental and Social Safeguards Policy (section 2.4). Projects considered for financing are screened for four climate change parameters (GHGs emitted, mitigation potential, adaptation potential, and vulnerability to climate change). In addition, and in line with the CEB's approach on alignment with the Paris Agreement on climate change, the CEB is currently in the process of updating the methodologies for assessing climate change risks at various levels, notably in its lending operations and at counterparty level.

201-4 Financial assistance received from government

The CEB is owned by its 42 member states. In accordance with its Articles of Agreement, the CEB's capital is subscribed by the member states. The CEB may borrow on the capital markets to raise the funds necessary for fulfilling its mandate. In certain cases, it may be entrusted with funds from member states, the Council of Europe and, subject to certain requirements, third parties (such as the EU) to implement activities supporting its mandate.

MARKET PRESENCE – GRI 202

3-3 Management of material topics

As an international organisation with 42 member states and active business relations with most of its member countries, the CEB aims for diversity of nationalities (from its member states) for its senior management team.

202-1 Ratios of standard entry level wage by gender compared to local minimum wage

Not applicable. See the CEB's salary scale.

[2] On 26 July 2021, Fitch Ratings changed the outlook of its rating from 'stable' to 'positive'.

202-2 Proportion of senior management hired from the local community

At the end of 2021, 32 of the CEB's 42 member countries were represented among the 213 staff members. Out of the 13 people in senior management positions, i.e. Governor, Vice-Governor and Director level, three are from France, the CEB's host country, three from Italy, and one each from Germany, Belgium, the Czech Republic, Greece, Norway, Serbia and Turkey.

INDIRECT ECONOMIC IMPACT – GRI 203

3-3 Management of material topics

The Bank invests in sustainable social sector infrastructure projects with a view to maximising the social impact of its operations and promoting economic and social inclusion. The CEB aims to design its projects in such a way as to benefit the largest number of potential final beneficiaries, with a specific focus on vulnerable groups.

203-1 Infrastructure investments and services supported

Most CEB investments are in physical infrastructure projects but it can also finance "soft" investments in supporting equipment and services, such as access to vocational training schemes. For a detailed sector breakdown of financing provided by the CEB, see the main body of the Sustainability Report.

203-2 Significant indirect economic impacts

Investment in one sector of the Bank's activity often results in significant co-benefits in economic terms. For example, careful design of new social housing construction part-financed through a CEB loan will also positively contribute to the energy efficiency of the dwellings. In the same way, renovation of a housing block can serve as a catalyst for urban renewal in a wider area. Moreover, the job creation impact of construction projects financed by the CEB must also be considered.

These economic, social and environmental inter-linkages are a recurring item in the majority of projects financed by the CEB.

ANTI-CORRUPTION – GRI 205

3-3 Management of material topics

The Office of the Chief Compliance Officer (OCCO) is clearly supported by the "tone from the top" and is committed to achieving the highest standards of integrity and transparency in the conduct of all the CEB's activities. The CEB has a comprehensive and publicly available compliance framework, including *inter alia* a Compliance Policy, an Anticorruption Charter, a Policy on Non-Compliant/Uncooperative Jurisdictions, Guidelines on the internal procurement of services, supplies and works by the CEB, Codes of Conduct, Integrity Due Diligence Guidelines & Procedures, Guidelines for additional Tax Due Diligence for projects financed by the CEB and a Whistleblowing Policy (as mentioned in item 2-26). OCCO identifies and assesses the compliance risk, and advises the Governor and management committees on relevant rules and standards, and ensures that the CEB is aware of, and follows, best market principles and international standards regarding the prevention of money laundering and terrorist financing, fraud and corruption and other prohibited practices.

For more information, see the CEB's new Compliance Activity Report 2021, made publicly available for the first time.

205-1 Operations assessed for risks related to corruption

On average, the bank's compliance function conducts specific investigations into fewer than five claims of corruption related to CEB-financed operations per year. In 2021, four complaints related to potential fraud, corruption, collusion, coercion, bribery and/or procurement complaints were registered with OCCO [in addition to two complaints related to ESG matters brought forward by stakeholders of CEB-financed projects]. Out of these four complaints, three were closed and one was ongoing as of December 2021.

205-2 Communication and training about anti-corruption policies and procedures

Each year, OCCO delivers a mandatory induction class to newly recruited staff, including part time staff. The induction class for the staff that joined the CEB in 2021 was held in December 2021. In addition, OCCO launched a comprehensive dedicated page on the CEB's intranet MOSAIC. Regular communication on compliance-related topics is posted on the page, and a Newsletter to staff has been issued with specific focus on 'ethical leadership'. OCCO has launched an e-learning module on the new Code of Conduct, specifically covering topics of Conflict of Interest, Bribery and Corruption, Receiving and Giving Gifts, Respecting Others, Harassment and Discrimination, and Raising Concerns. The module requests acceptance and signature of the Code of Conduct and is mandatory for all staff.

For the third year in a row, the CEB joined its peers in the international community in marking International Anti-Corruption Day on December 9th. The message was shared will all employees and posted on the CEB's intranet MOSAIC, as well as on the CEB's social media pages. The 2021 Anti-Corruption Day message was focused on the right and role of everyone to report and refuse corruption.

205-3 Confirmed incidents of corruption and actions taken

None [one complaint registered with OCCO was ongoing as of December 2021].

ANTI-COMPETITIVE BEHAVIOUR – GRI 206

206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices

None.

TAX – GRI 207

207-1 Approach to tax
207-2 Tax governance, control, and risk management
207-3 Stakeholder engagement and management of concerns related to tax
207-4 Country-by-country reporting

The CEB is an international organisation. Pursuant to its constitutive treaty, the Third Protocol to the General Agreement on Privileges and Immunities of the Council of Europe, the CEB and its assets, income and other property are exempt from all direct taxation.

Within the scope of its mandate, the CEB supports the implementation of international standards in the field of tax good governance – notably to ensure tax transparency and the fight against tax evasion/avoidance in connection with the projects it finances. The CEB confirms its commitment to the prohibition of tax avoidance and tax evasion and will not support activities that contribute to tax avoidance strategies.

In 2014, the CEB enshrined this commitment by means of a Policy on Non-Compliant/Uncooperative Jurisdictions approved by its Administrative Council. The CEB upgraded this Policy in 2019 and again in 2021 in order to reflect the latest developments in the area of tax good governance and transparency, fair taxation, base erosion and profit shifting (BEPS), in alignment with the CEB's peer group of multilateral development banks. The updates place emphasis on the rationale for the tax good governance principles promoted by the EU, and the OECD Global Forum on Transparency and Exchange of Information for Tax Purposes, where the CEB was granted observer status in October 2017. In particular, the 2021 update of the CEB's Policy on Non-Compliant/Uncooperative Jurisdictions introduced immediate application of the EU list of non-compliant jurisdictions for tax purposes. Assessment of concerns related to tax standards is part of the integrity due diligence performed by the CEB's services. In case of complex issues, OCCO can decide to hire external tax expertise.

The procedures for assessing projects and entities that cover tax avoidance and prohibitions of the entities established in non-compliant/uncooperative jurisdictions are set out in the CEB's Integrity Due Diligence Guidelines and Procedures, and in an internal tool for procedure description. In 2021, the CEB introduced Guidelines for additional Tax Due Diligence for projects financed by the CEB – thereby reinforcing the Bank's commitment to the prohibition of tax avoidance. The CEB's Policy on Non-Compliant/Uncooperative Jurisdictions and the aforementioned Guidelines ensure that CEB operations are conducted in line with sound tax good governance and international and EU anti-tax-avoidance standards.

Each of the CEB's potential counterparties is subject to the Compliance Risk Assessment. This assessment encompasses integrity due diligence checks and assessment that include past or current issues related to tax avoidance or tax evasion or other tax harmful practices. The assessment also covers the country where the counterparty is established/has its headquarters or operates from.

Furthermore, projects and treasury operations are assessed and analysed on multiple levels, starting from identification within the Loans & Social Development Directorate, credit risk analysis and integrity due diligence.

The projects are reviewed and approved in a process established to ensure multiple layers of review. Projects/loans are assessed by the Project Appraisal Committee, then by the Development and Project Committee, and finally approved by the Administrative Council.

Each counterparty - borrower, country or broker - is reviewed annually by the Credit Risk Committee. The Office of the Chief Compliance Officer provides a Compliance Risk Assessment for each counterparty.

ENVIRONMENTAL – GRI 300

3-3 Management of material topics (Materials 301 – Energy 302 – Water and Effluents 303 – Biodiversity 304 – Emissions 305 – Waste 306 – Supplier Environmental Assessment 308)

The CEB assesses the environmental impact of the projects it finances. The Bank's management approach to these issues is framed through the relevant applicable policies such as the Environmental and Social Safeguards Policy, the Loan and Project Financing Policy, the Handbook for the Preparation and Implementation of Projects, and the Procurement Guidelines. Taking the examples of *Biodiversity GRI 304* and *Emissions GRI 305*, the paragraphs below provide insights into how the CEB assesses project impacts on environmental issues.

BIODIVERSITY – GRI 304

3-3 Management of material topics (additional information)

Biodiversity is addressed in the CEB's Environmental and Social Safeguards Policy (section 2.5). The policy requires that projects proposed for financing are subject to environmental screening and environmental impact assessment, if applicable, and specifies that the Bank will not finance projects that may cause the loss of critical natural habitats or endangered species.

304-3 Habitats protected or restored

In accordance with its Loan and Project Financing Policy, the CEB may finance projects that aim to protect and develop biodiversity (e.g. ecological corridors).

EMISSIONS – GRI 305

3-3 Management of material topics (additional information)
The issue of project greenhouse gas emissions is addressed in the CEB's Environmental and Social Safeguards Policy (section 2.4). The CEB applies greenhouse gas emission (GHG) screening to all projects proposed for CEB financing to establish a preliminary estimate of the expected GHG emissions from a project and, in the case of mitigation projects, the relative decrease in GHG emissions. The screening methodology distinguishes three levels of CO_2 equivalent emissions:

- High: > 20 000 tonnes CO_2
- Medium: 10 - 20 000 tonnes CO_2
- Low: <10 000 tonnes CO_2

Carbon footprint calculations are made for all projects estimated as "medium" or "high" emission, and for those categorised "low" where sufficient data is available to yield meaningful results. Calculations are based on standard methodologies (e.g. the ADEME's *Bilan Carbone* for buildings) and include estimates of construction-related emissions where feasible. The assessments are carried out by the CEB's Directorate for Technical Assessment & Monitoring.

305-1 Direct (Scope 1) GHG emissions

The Bank's Scope 1 emissions are not project-related and are therefore disclosed under the chapter heading 'Corporate Impacts' in this GRI Index.

305-2 Energy indirect (Scope 2) GHG emissions
305-3 Other indirect (Scope 3) GHG emissions
305-4 GHG emissions intensity
305-5 Reduction of GHG emissions
305-6 Emissions of ozone-depleting substances (ODS) 15
305-7 Nitrogen oxides, sulphur oxides, and other significant air emissions

See the section 'The CEB and Climate Change' in the main body of the Annual Sustainability Report for emission disclosure for projects the CEB finances.

SOCIAL – GRI 400

HUMAN RIGHTS ASSESSMENT – GRI 412

3-3 Management of material topics

Although the CEB has a separate legal identity and full financial independence, as a partial agreement of the Council of Europe, it nevertheless operates under the Council of Europe's *"supreme authority"* (Article I "Establishment of the Bank" of the CEB's Articles of Agreement). The Council of Europe itself was founded to promote freedom of expression and of the media, freedom of assembly, equality, and the protection of minorities.

The Council of Europe is kept regularly informed of the CEB's activities and its Secretary General plays an important role in issuing an opinion on admissibility from a political and social point of view for every project submitted to the CEB's Administrative Council for approval.

In this context, successive Council of Europe Summits, held at the highest political level of Heads of State and Government, have each given new impetus to the CEB's action and contributed to shaping its current identity as the social development bank for Europe. The third of these summits, held in Warsaw in 2005, invited the CEB to contribute in its own way to the development of a free, democratic and socially cohesive European society and concretely resulted in the introduction of human rights safeguards in its Loan and Project Financing Policy and Environmental and Social Safeguards Policy.

Thus, acting within the framework of the Council of Europe, the CEB supports its principles, values and overall objectives. The Bank's approach in terms of social responsibility draws upon the principles enshrined in the Council of Europe's Convention for the Protection of Human Rights and Fundamental Freedoms and European Social Charter.

Within this framework, the CEB considers that the risks associated with incidents of child labour, forced or compulsory labour or violations of the rights of indigenous peoples to be non-applicable in its countries of operation, themselves also members of the Council of Europe and, for a significant number of them, the European Union. Nonetheless, the CEB deploys thorough screening mechanisms and would not knowingly finance projects presenting these risks.

412-3 Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening

In accordance with CEB Loan Regulations, which constitute the general conditions governing all the CEB's loans, in the event that the implementation of a project financed by the CEB should lead to any violation of the Convention for the Protection of Human Rights and Fundamental Freedoms or the European Social Charter, the CEB may suspend/cancel undisbursed loan amounts and/or demand early reimbursement of disbursed amounts.

LOCAL COMMUNITIES – GRI 413

3-3 Management of material topics
413-1 Operations with local community engagement, impact assessments and development programs
413-2 Operations with significant actual and potential negative impacts on local communities

Loans to local communities can be made on a direct basis or via on-lending through a financial institution. Given the specificity of the CEB's overarching social mission, the Bank's loans are to be considered for the most part and in more general terms as resulting in tangible "community engagement", since the final beneficiaries of CEB loans are members of local communities in the Bank's member states.

With respect to the issue of potential negative impacts, the CEB's Environmental and Social Safeguards Policy in particular *"requires the Borrower to address Project-related Community Health and Safety matters and Stakeholder Information and Consultation"*.

Over the course of 2021, two complaints with the potential to trigger some negative impacts on local communities were brought to the Bank's attention. One complaint is closed and a reply was provided to the complainant, and the second complaint is ongoing. The Office of the Chief Compliance Officer registers and handles two type of complaints: a) complaints related to potential fraud, corruption, collusion, coercion, bribery and/or procurement related complaints, and b) complaints related to ESG matters brought forward by stakeholders of CEB-financed projects.

The Bank undertakes an assessment of these complaints to facilitate their resolution and closely monitors the projects for which complaints have been received. In 2021, the complaints received concerned projects with various financiers and the CEB's services are in coordination with the other financiers to address them.

PUBLIC POLICY – GRI 415

3-3 Management of material topics
415-1 Political contributions
As an International Organisation, the Bank is not allowed to make political contributions or donations to any party, political or otherwise.

Topic Standards
CORPORATE IMPACTS

ECONOMIC – GRI 200

ECONOMIC PERFORMANCE – GRI 201

3-3 Management of material topics
201-3 Defined benefit plan obligations and other retirement plans

The CEB's Pension Schemes apply to staff members holding indefinite-term or fixed-term appointments and who have a minimum of 10 years of service. The Bank guarantees the payment of a lifetime pension for its retired staff members. The pension entitlement starts as of age 65 – except for those staff members hired prior to 1/1/2014, in which case entitlement can start as of age 60.

In order to ensure the long-term economic performance and sustainability of its pension scheme, the CEB has adopted rigorous and sound assessment mechanisms, which are evaluated by external actuaries and follow international accounting standards (IAS).

An Advisory Pension Committee meets twice a year and may advise on proposals relating to the administration of the pension schemes, such as the interpretation of the pension scheme rules, the assessment of the actuarial equilibrium of the schemes, the actuarial assumption underlying the pension scheme liabilities, and the appointment of the Bank's actuarial adviser.

Both the Advisory Pension Committee and the actuarial assessment provide the necessary checks and balances to ensure the financial soundness and sustainability of the pension schemes.

External auditors also review the methodology and the assumptions used by the CEB's actuaries to obtain the actuarial valuation of the post-employment benefits related to the retirement plan and to the other related post-employment obligations, in line with IAS 19 and the financial information disclosed in the financial statements.

ENVIRONMENTAL – GRI 300

3-3 Management of material topics (Materials 301 – Energy 302 – Water and Effluents 303 – Emissions 305 – Waste 306 – Supplier Environmental Assessment 308)

Since 2017, the CEB has been working with GreenFlex and its "custom-made" GreenFlex IQ platform to obtain a more precise measurement of some environmental indicators (especially energy metrics), and to extend the environmental management approach to new topics: logistics, indirect GHG emissions (life-cycle analysis of goods, e.g. IT equipment), non-physical services, water consumption, etc. As a result, the precision of the carbon footprint has been improved and its perimeter extended.

In 2018, the CEB started building up a more comprehensive Environmental Management System (e.g. responsibilities, timeline, KPIs) to reduce its environmental impact and increase its operating efficiency. In 2019, this was supplemented by the Governor's Environmental Statement, laying out specific areas for improvement and goals.

In 2021, a working group, made up of the CEB's teams for facility management, procurement and corporate responsibility, worked with *GreenFlex*, the sustainability consultant also assisting the Bank with annually evaluating the operational carbon emissions, in actions such as:

- Drafting a sustainable procurement policy and procedures and phasing in sustainable selection criteria where appropriate (led by CEB Procurement)

- Switching to more renewable electricity for the Paris office (led by CEB Facility Management),
- Identifying a suitable carbon offsetting mechanism (led by CEB Corporate Responsibility).

A pilot scheme for carbon offsetting has been set up with TerraTerre, a tender offer has been prepared for procuring more renewable electricity in 2022, and work on a sustainable procurement policy is still ongoing, supported by the University of Zaragoza in Spain (see item 308).

MATERIALS – GRI 301

301-1 Materials used by weight or volume

In 2021, the CEB used 2.25 tonnes of office paper (all FSC quality, either recycled and/or certified sustainable forestry), compared to 3.00 tonnes in 2020, 5.67 tonnes in 2019, 6.62 tonnes in 2018 and 7.25 tonnes in 2017.

At end 2019, the Bank introduced water fountains and phased out the supply of bottled water in meeting rooms.

301-2 Recycled input materials used
301-3 Reclaimed products and their packaging materials

As a non-physical service provider, the CEB is not concerned by this topic.

ENERGY – GRI 302

3-3 Management of material topics (additional information)

The CEB's policy is to strike a balance between minimising its environmental footprint while providing good working conditions to its staff. The CEB is located in a historic building which was not designed according to modern energy efficiency standards. However, the CEB's facility management aims to progressively improve the building's energy efficiency by phased refurbishment and the replacement of energy intensive equipment.

302-1 Energy consumption within the organisation

Energy consumption by type over the period 2017 - 2021

	2017	2018	2019	2020	2021
Electricity* (MWh)	862	788	705	*749*	681
Heating (tonnes of steam)	1 245	1 162	1 094	892	1 261
Cooling (MWh cold)	36.8	33.6	38.7	31.9	40.6
Fuel** (litres)	3 458	4 118	2 934	782	623

** To adapt the footprint to most staff working from home, the electricity consumption of IT equipment (e.g. computers at home) was included in the 2020 assessment for electricity. Assumption: 2/3 of staff working from home.*

*** CEB service vehicles*

302-2 Energy consumption outside of the organisation

The CEB being an organisation located in a single building, energy consumption outside the CEB stems mainly from business travel (see GRI 305).

302-3 Energy intensity

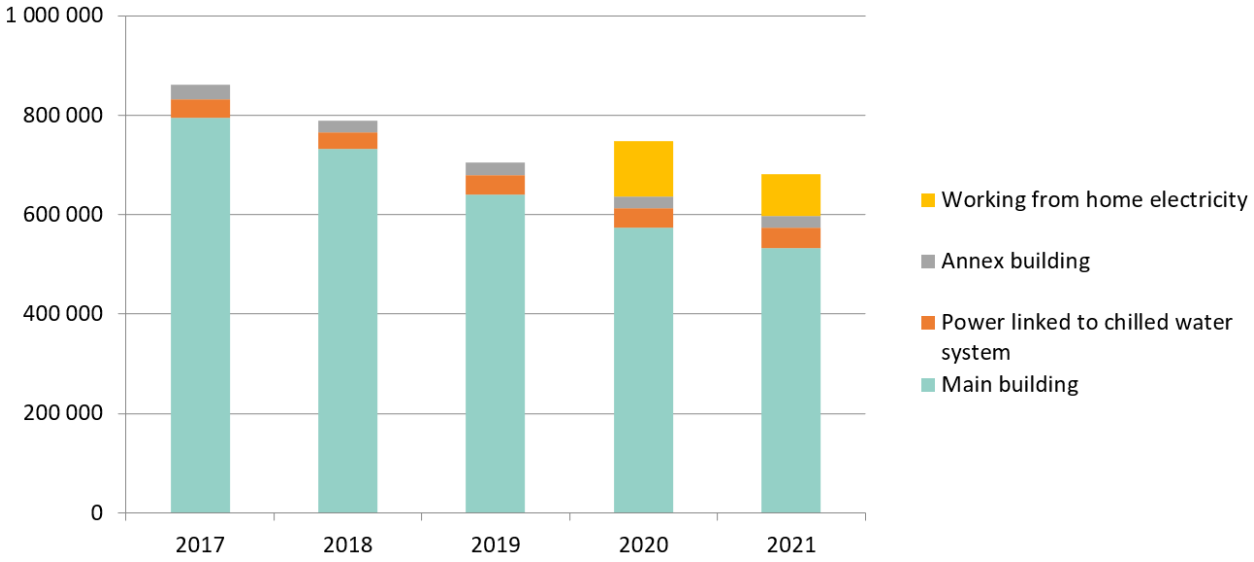
The CEB being a non-physical service provider, the energy intensity ratio is presented per employee (where the number of employees is 213 for 2021), and also per square metre (where the total office space is 7 675 m²). Office space up until 2019: 7 600 m².

To calculate the two energy intensity ratios below, the electricity consumed was taken as a basis (i.e. heating and cooling is excluded). Energy intensity 2017 - 2021:

	2017	2018	2019	2020	2021
Energy intensity (kWh / employee)	4 376	3 826	3 424	3 582	3 198
Energy intensity (kWh / m²)	113	104	93	98	89

302-4 Reduction of energy consumption

Figure – -21% reduction in energy consumption over the period 2017-2021, electricity (kWh)



To adapt the footprint to most the staff working from home, the electricity consumption of IT equipment (e.g. computers at home) was included in the 2020 & 2021 assessment for electricity. Assumption: 2/3 of staff working from home.

WATER AND EFFLUENTS – GRI 303

303-1 Interactions with water as a shared resource
303-2 Management of water discharge-related impacts

All the water consumed by the CEB comes from municipal water in a closed-loop system, hence there is no water source significantly affected by withdrawal.

303-3 Water withdrawal

The increased water use in 2020 and 2021 was mainly due to COVID-19 sanitary and hygiene measures. Since 2020, the CEB has also been using water dispensers instead of plastic water bottles, which contributes to more water consumption. Municipal water use for 2017 - 2021:

	2017	2018	2019	2020	2021
Municipal water use (m^3)	2 595	2 250	2 250	2 672	3 041

303-4 Water discharge
303-5 Water consumption

Based on public information about the Paris municipal water network, and assuming that about one fifth of the water used by the CEB is consumed:

- Destination of water discharge: municipal water treatment plant

- Quality of water discharges: domestic waste water
- The water discharges are re-used in the municipal water system

	2017	2018	2019	2020	2021
Approximate volume of water discharges (m^3)	2 000	1 800	1 800	2 140	2430

EMISSIONS – GRI 305

3-3 Management of material topics (additional information)

The CEB is committed to improving the reduction in emissions from different sources, such as day-to-day activity, business travel and facilities maintenance.

Working with GreenFlex and using its "custom-made" GreenFlex IQ platform enabled the CEB to obtain a precise measurement of some environmental indicators (especially energy metrics) which feed into the environmental management approach.

As a result, the quality of both the data and the calculation of related GHG emissions has further improved.

The methodology used for assessing GHG emissions follows version 8.6.1 (2020) of Bilan Carbone®, the official French methodology for calculating the GHG emissions of organisations according to the latest international references (GHG Protocol, ISO 14069, Carbon Disclosure Project, etc.).

The *Bilan Carbone* approach used to define the CEB's organisational scope follows the *"operational control"* methodology, meaning that *"emissions from installations operated by the organization are taken into account."*

Further information can be found on the English website of the French Agency for the Environment and Energy Efficiency (ADEME).

The base year for 305-1, 305-2, 305-3 and 305-4 is 2021.

305-1 Direct (Scope 1) GHG emissions

Gross direct (Scope 1) GHG emissions: 1.7 metric tonnes of CO_2 equivalent.
All the CEB's gross direct GHG emissions are associated with the vehicles operated by the CEB.

305-2 Energy indirect (Scope 2) GHG emissions

Gross location-based energy indirect (Scope 2) GHG emissions: 204 tonnes of CO_2 equivalent.
The CEB's gross location-based energy indirect GHG emissions are associated with the electricity consumption (37 tCO_2 eq) and the municipal heating and cooling systems (167 tCO_2 eq).

305-3 Other indirect (Scope 3) GHG emissions

Gross other indirect (Scope 3) GHG emissions: 249 tonnes of CO_2 equivalent.
The CEB's gross other indirect GHG emissions are mainly associated with the goods and services bought and used by the organisation, business travel, employee commuting and IT equipment.

The CEB's office building assets are not taken into account, as the building dates back to the 19th century. The amortisation period is therefore long past.

305-4 GHG emissions intensity

As the CEB is a non-physical service provider, the GHG emissions intensity ratio is presented per employee (where the number of employees is 213). All types of GHG emissions are included (i.e. scopes 1, 2 and 3).
The 2021 GHG emissions intensity ratio for the organisation stands at 2.1 tonnes CO_2eq/employee, based on the *Bilan Carbone* methodology (2020: 1.6 tonnes CO_2eq/employee, 2019: *4.3*).

305-5 Reduction of GHG emissions

Table - Annual GHG emissions by scope in tCO_2e *(rounded figures)*

Scope	GHG sources	2017*	2018	2019	2020	2021
Scope 1	Own service vehicles	10	12	8	2	2
Scope 2	Heating & cooling	187	175	145	118	167
	Electricity consumption	65	59	40	*41***	37
Scope 3	Business travel, incl. taxi	507	561	466	61	110
	Home-to-work commuting	76	84	80	28***	23
	Paper & consumables	88	92	88	65	86
	Waste & water disposal	7	7	*55*	*20****	23
	IT equipment	-	5	5	8	8

* *Since 2017, a new methodology has been used to calculate GHG emissions. For more information, see the CEB's CSR Report 2017, page 29.*

** *To adapt the footprint to most of the staff working from home, the electricity consumption of IT equipment (e.g. computers at home) was included in the 2020 & 2021 assessment for electricity.*

*** *The emissions were calculated from estimated values based on office occupation. The occupation was estimated at 1/3 of its maximum capacity.*

WASTE – GRI 306

306-1 Waste generation and significant waste-related impacts
306-2 Management of significant waste-related impacts

As a service sector company, the CEB mainly generates office related waste and manages it with the aim to recycle as much as feasible. At end 2019, an improved waste recycling scheme was introduced at the CEB's premises, enabling staff to sort paper, plastic and cans, batteries and light bulbs, coffee capsules and other 'non-recyclable' waste (60 bins installed). By the start of 2020, the scheme was fully operational, and later in the year new vending machines were introduced in the cafeteria that offer snack and lunch options in re-usable glass containers, instead of paper and plastic wrapping.

306-3 Waste generated
306-5 Waste directed to disposal

Total weight of non-hazardous waste: municipal waste of 53 tonnes, with any disposal methods except re-use, recycling and composting (2020: 52 tonnes, 2019: 149 tonnes, 2018: 145 tonnes, 2017: 143 tonnes).

306-4 Waste diverted from disposal

In 2021, the waste streams captured and recycled with the help of a socially responsible enterprise, Le Petit Plus, were the following:

In Kg	2020	2021
Paper and paperboard	357	892
Plastic bottles and cups	230	202
Coffee capsules	44	211
Glass	28	220
Batteries	-	10
Light bulbs	-	8

SUPPLIER ENVIRONMENTAL ASSESSMENT – GRI 308

3-3 Management of material topics

The organisation's supply chain for its own operational needs is governed by the Guidelines on the Internal Procurement of Services, Supplies and Works by the CEB. The related Internal Procurement Procedures were updated in 2017.

In addition to this, the Environmental and Social Safeguards Policy which is complemented by the Environmental Statement of 26 July 2019, underlines the importance of enhancing environmental and social considerations in procurement decisions for the Bank's own operational needs.

In 2020, a working group made up of the CEB's teams for procurement, facility management, and corporate responsibility started a project with *GreenFlex*, the sustainability consultant also assisting the Bank with annually evaluating the operational carbon emissions, in order to support the CEB in drafting a sustainable procurement policy and phasing in sustainable selection criteria where appropriate. This led to more work for 2022 which is supported by the University of Zaragoza in Spain. For more information, see the main body of the Sustainability Report.

308-2 Negative environmental impacts in the supply chain and actions taken

As a non-physical service provider, the CEB's 'negative impact' from its supply chain, as explained above, is mainly limited to its energy consumption, travel, paper and office materials bought, and waste produced.

For the actions taken on these items in the course of 2021, see the main body of the 2021 Sustainability Report.

SOCIAL – GRI 400

EMPLOYMENT – GRI 401

3-3 Management of material topics

The Bank supports measures that help maintain and develop its staff members. When staff members join the CEB, they are immediately considered as part of their teams and benefit from the same resources in terms of training and guidance on their development needs as any other staff member, regardless of their contract type or grade. In 2021, the CEB continued to rely on its staff members' high level of expertise, with an average age of 49 years, and an average tenure of 12 years (11 years for men and 13 years for women).

The CEB also seeks to attract talented people through a recruitment process and procedures which provide clarity, dialogue, transparency, contractual clarification and flexibility. The recruitment process at the Bank follows different steps including preliminary selection, assessment, and interviews. Newly hired staff members also participate in an induction session to help them integrate the Bank smoothly and meet their peers.

401-1 New employee hires and employee turnover

The Bank has set a moderate key performance target of at least 5% staff turnover. Turnover depends both on movements that can be anticipated (retirement due to eligible age, filling of vacant roles due to non-renewals, etc) and those that cannot (resignations and unexpected difficulties in filling a gap, for instance). Given the CEB's relatively modest staff body, the turnover rate naturally fluctuates from one year to the next. Turnover is defined as the total number of Bank staff leaving the organisation in a given financial year divided by the total population in the same year. The CEB's low turnover is rather similar to that of other international organisations with similar contractual policies:

Total employee turnover	-	3.79%	5 men, 3 women
Reason for departure	Retirement	0.94%	1 man, 1 woman
	Early departure / Mutual agreement	0.47%	1 man
	End of contract	1.41%	2 men, 1 woman
	Resignation	0.94%	1 man, 1 woman

Any national of one of the Bank's member states may apply for employment. Nationals of countries that have joined since 1994 are particularly encouraged to apply. In 2021, women accounted for 59% of the appointments – the percentage has been constantly increasing for the past five years, including amongst A-grades and for roles at A4 and above. A total of 17 appointments represented 11 different nationalities, including some of the less represented countries such as Bulgaria and the Republic of Moldova. Out of the 17 appointments 12 were externally hired (58% women and 42% men) and comprised 9 professional staff (67% women and 33% men) and 3 support staff (33% women and 67% men). Out of the 5 internally hired staff, 2 were hired at managerial level (50% women and 50% men) and 3 were hired at professional level (67% women and 33% men). This is aligned with the CEB's Gender Diversity Strategy of increasing female representation at A4 level and above and to increase male representation amongst support staff. Out of the 8 staff departures, 2 were managerial staff (100% men), 2 were professional staff (100% men) and 4 were support staff (100% women).

401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees

Part-time staff members receive the same benefits as full-time staff members.

Staff members on temporary contracts are not eligible for all the benefits received by staff members, such as bonuses, basic family allowance, education allowance, expatriation allowance (although temporary staff members are eligible for a residence allowance).

401-3 Parental leave

The table below summarises 2021 data for parental leave by a total number of women and men.

	Women	Men
Employees entitled to parental leave	2	6
Employees taking parental leave	2	6
Employees returning to work in the reporting period after parental leave ended	2	6
Employees returning to work after parental leave ended that were still employed 12 months after their return to work	2	6
Return to work & retention rate of employees that took parental leave	100%	100%

LABOUR/MANAGEMENT RELATIONS – GRI 402

3-3 Management of material topics

Based on the CEB's legal status as an international finance institution with its privileges and immunities, neither the host country's labour laws nor its other member countries' labour laws apply to its staff members. The Articles of Agreement (Article XI, section 1, d.) provide that *"[t]he Council of Europe Staff Regulations shall be applicable to the staff of the Bank in any matter not covered by a specific decision of the Administrative Council."* In other words, the Staff Regulations of the Council of Europe, as modified from time to time, automatically apply to the staff members of the Bank, except if the Administrative Council (AC) has adopted a specific decision in order for the Bank to have its own applicable provision(s) in a given area. In some instances, the Bank has its own needs due to its activity and size. If there is such a need, the Governor will submit a proposal to the AC in the form of a Resolution for adoption. Once the Bank has adopted its own provision(s), any further modification in this area also needs to be approved by the AC.

As further outlined below, the CEB provides its staff members with a comprehensive internal justice system to resolve and provide redress for staff issues and grievances using informal and formal mechanisms.

CEB staff members may also turn to different committees in which they can express themselves and contribute to labour and management relations.

The **Staff Committee**, elected every two years, with 7 members which represent the general interests of the staff members and contribute to the smooth running of the CEB by providing the staff with a channel for the expression of their opinions. It may also defend the general interests of retired staff members and other beneficiaries of the Pension Scheme. For more information, see item 2-30.

The **General Meeting of Staff** is the organ in which all staff members may express their opinions on their terms of employment and working conditions and pensioners on the conditions concerning them. Every staff member has the right to take part in the General Meeting as a member and has the right to express themselves there. The General Meeting is convened at least once a year in an ordinary meeting and, when needed, in an extraordinary meeting.

The **Health and Safety Committee's** task is to advise the Governor on ways of protecting the health and safety of persons on CEB premises, of analysing and improving working conditions and ensuring that the relevant rules are complied with. Representatives of the Staff Committee are part of the Health and Safety Committee to ensure that staff member's general interests and opinions are considered. For more information, see item 403-7.

The **Board for Disabled Dependent Child or Parent Allowance** assesses the nature and the degree of the disability of dependent child or parent and transmits to the Governor their opinion as to the possible granting of the allowance for disabled child, the supplement for disabled or severely disabled child, or the supplement for disabled and dependent parent.

The **Advisory Pension Committee** issues, at the request of the Governor, recommendations, proposals and advice relating to the administration of the pension schemes. For more information, see item 201-3.

402-1 Minimum notice periods regarding operational changes

There is no system of collective bargaining agreements and, as stated above, the staff members' employment-related issues are governed by the Staff Regulations and their implementing rules.

For termination notices, reference is made to Articles 17 and 23 of the Staff Regulations, and to Articles 11 and 14 of Appendix II to the Staff Regulations. As to operational changes, particular reference is made to the abolition of posts (Article 23.b.i) and internal transfers and secondments (Article 5 of Appendix II to the Staff Regulations).

OCCUPATIONAL HEALTH AND SAFETY – GRI 403

3-3 Management of material topics

In 2021, the Bank strengthened its occupational health and safety management, particularly through the assessment of professional risks. The Single Risk Assessment Document (*DUER*[3]) is a tool which enables all occupational health and safety risks to be identified and acted upon.

It focuses on the risks likely to be encountered by staff, depending on their work environment and activity. This assessment follows the obligation for the employer to ensure the health and safety of the workers, the principle of preventing occupational risks, and the obligation to evaluate H&S risks.
This regular risk assessment, powered by the *AMADEO* platform, includes:

- The identification of risks and their classification: probability of occurrence, severity, frequency, number of employees concerned
- Proposals for preventive action

This document is updated annually, with the assistance of the Health and Safety Committee and the expertise of *Bureau Veritas,* an external consultant.

[3] This French acronym stands for *Document Unique d'Évaluation des Risques*.

403-1 Occupational health and safety management system

The CEB continues to develop initiatives that provide its staff members with a safe and healthy working environment.

Not only are working conditions taken into account, but staff well-being is also included in many communication actions and management training sessions. For many years now, the Bank has trained volunteer staff members to participate in the first aid programme and in the business continuity plan. A total of 18% of staff members are therefore trained in emergency first aid measures and fire safety. In addition, the CEB's travel management programme provides staff members who travel for professional reasons with travel management systems and services. The CEB offers its staff 24hour/7day services from *International SOS* in order to provide safety information and assistance in case of an emergency situation during travel.

The CEB also offers its staff flexible working hours through regular or occasional teleworking. Occasional teleworking: not exceeding 20 working days per calendar year. Regular teleworking: not exceeding 1 day per week and/or 5 days per month. Before the pandemic, 18% of staff had obtained a regular teleworking agreement, limited to one day per week, and about half of the staff had occasionally worked from home, for an average of 4.7 days per year. This drastically changed with the first lockdown in France in March 2020, when suddenly all staff were working from home 5 days per week. It should be noted that 83% of women and 87% of men agreed or strongly agreed that during the pandemic, their immediate manager had given them the flexibility they needed to carry out their work without compromising their personal life. Furthermore, all staff were offered a workshop and individual advice on home office ergonomics, and a stress management webinar. Teleworking guidelines were shared with staff to help them in setting up good practices while maintaining their physical and mental wellbeing.

Furthermore, staff members have the opportunity to maintain physical fitness through regular sports practice in the Bank's on-site sports facilities, thereby creating a pleasant atmosphere through informal get-togethers, all of which has a positive influence on the Bank's social climate. Every year since 2009, half of the Bank's staff members have taken advantage of these facilities available at the CEB. However, during the health crisis of 2020 and 2021 access to the sports facilities became more restrictive.

403-2 Hazard identification, risk assessment, and incident investigation
403-3 Occupational health services
403-4 Worker participation, consultation, and communication on occupational health and safety
403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships

The Health and Safety Committee is composed of:

- A chair, appointed annually by the Governor
    - The Head of the Human Resources Division or his/her representative
    - The Head of the Facility Management & Security Division or his/her representative
    - The Head of the Operational Risks Division or his/ her representative
    - Two representatives appointed by the Staff Committee or their substitutes
    - The CEB's Medical Officer

The Health and Safety Committee may, with the Governor's consent, consult any qualified person within or outside the CEB. The CEB provides services such as external psychological support via the Bank's medical insurance and consultations, upon request, with the CEB's medical doctor. Staff members are invited to undergo an occupational health check up every other year.

403-5 Worker training on occupational health and safety
403-6 Promotion of worker health
403-8 Workers covered by an occupational health and safety management system
Please see the main body of the Report and 3-3 above for item 403.

403-9 Work-related injuries
403-10 Work-related ill health

Staff members may be on uncertified leave for health reasons for up to 4 days per year. They may also benefit from 6 days per child to take care of their children under the age of 16 (subject to medical certificates under certain conditions). The total period of absence for health reasons cannot exceed 36 months (or until stabilisation of the staff member's state of health in the case of a work accident or occupational disease). Staff members may also be granted additional days in the case of serious illness of their spouse/ partner, children and parents (up to 3 days per year for each case).

The Bank monitors its absenteeism rate on quarterly and annual bases through its key performance indicators.

As at 31 December 2021, the rate of short-term absenteeism stood at an average of 4.27 days per staff member per year for short-term illnesses.

Only 1.5% of staff were on long-term illness, which is below the 5% key performance indicator.

Table - Accident frequency rate

2019	2020	2021
1 accident * 200 000 / 206 staff * 37.5h * 50 weeks = 0.518	5 accidents * 200 000 / 209 staff * 37.5h * 50 weeks = 2.552	1 accident * 200 000 / 213 staff * 37.5h * 50 weeks = 0.500

TRAINING AND EDUCATION – GRI 404

3-3 Management of material topics

Staff members have access to training in four broad areas of skills: language, technical, information technology (IT) and core competencies (soft skills). These actions not only enhance staff skills, but also help contribute to the development of both the Bank's internal values and its management culture, in line with current best practices. The development tool contributes to the identification of needed skills. Staff training and development are part of good management practices and provide a basis for mobility.

404-1 Average hours of training per year per employee

In 2021, on average, staff members spent 3 days in training, with 3.2 days for women and 2.9 days for men. At managerial and professional levels (grade A level), staff members spent on average 3 days in training (1.3 days for women and 1.4 days for men). The average was the same for support level staff (grade B and C levels) (2.4 days for women and 0.6 days for men). All training is fully accessible for both part-time and full-time staff alike. For more information, see the main body of the Sustainability Report.

404-2 Programs upgrading employee skills and transition assistance programmes

Constant changes in the outside environment impact each and every organisation: there is therefore a need for adjusted training and development to help the workforce remain competitive and respond quickly to these changes. The CEB has organised an increasing amount of in-house inter-disciplinary team training in technical and communication areas, thereby enhancing knowledge transfer and team cooperation. Staff members' training and development are fundamental to keeping the workforce engaged and ready to face future challenges. In 2021, 78% of staff participated in training, whether language, technical, core competencies (soft skills) or compliance. 49% of training participants followed core competency training, while 13% followed language training, 4% followed technical training and 34% followed compliance training. A slightly higher percentage of women (56%) than men (44%) participated in training, which corresponds to the overall gender balance in total staff. For B- and C-grade staff, 76% of participants were women and 24% men, which is aligned with the gender representation at these levels. The CEB also offers its staff members the opportunity to follow a speciality certification programme enabling them to reinforce their knowledge or acquire life-long education certificates.

The CEB aims to keep its staff employable and flexible through targeted staff development. The appraisal system, which includes both performance and career development reviews, enables the Human Resources teams to move towards a more strategic partnership with both managers and staff by keeping abreast of needed skillsets, identifying job bridges and building better customised and more efficient training paths. During the development review, the technical and behavioural competencies of staff members are assessed by the managers. For more information, see the main body of the Sustainability Report.

404-3 Percentage of employees receiving regular performance and career development reviews

All staff members undergo both an annual performance review and a career development review. The review cycle is aligned to the calendar year and is the Bank's way to promote an open feedback culture. Staff members in their probationary period must undergo more frequent performance reviews. For every staff member, up to 5 annual goals are mutually agreed upon by staff and line manager. The performance assessment is done on a five-part scale from 'unsatisfactory' to 'exceptional'. The assessment is also linked to the bonus. See also item *404-2* on how the performance review is linked to training.

DIVERSITY AND EQUAL OPPORTUNITY – GRI 405

3-3 Management of material topics

The Bank's increasing activities underscore the enduring objectives of HR management at the Bank: (i) to attract and retain staff of the highest quality with a diversity of gender and nationalities, and appropriate skills, experience, and career preferences; and (ii) to manage staff efficiently, in an environment that rewards excellence, fosters teamwork and promotes diversity, inclusion and fairness.

The Staff Regulations establish the principle of non-discrimination in various domains. In effect, the concept of diversity covers a wide variety of individual and cultural characteristics linked to age, sexual orientation, racial, ethnic or social origin, colour, nationality, handicap, marital or parental status, gender, as well as political, philosophical and religious opinions. All these components are naturally important, but the main focus generally retained by international organisations is on gender and national diversity.

a. Gender: In the event of equal merit between a woman and a man, both of whom are candidates in an external recruitment or internal competition procedure, preference shall be given to the candidate of the gender which is under-represented in the grade and category to which the vacancy belongs. One gender is under-represented in relation to the other when the proportion of staff of that gender in the grade and category to which the vacancy belongs is below 40 percent. Although women are generally well represented at the Bank, efforts are undertaken to enhance the representation of women at senior levels and in management positions.

b. National diversity: Since the Bank's objective is to recruit its staff from the widest possible geographical base (assuming the requirement for high standards of efficiency and technical competency are met), the benchmark for an equitable breakdown of nationalities across the workforce could be set according to the share of the capital subscribed by each member state.

405-1 Diversity of governance bodies and employees

While the concept of "diversity" covers a wide variety of individual and cultural characteristics, the CEB's main areas of focus, as is generally the case with other international organisations, are on national diversity and gender.

At 31 December 2021, 32 of the CEB's 42 member countries were represented among the 213 staff members. In terms of gender, as at 31 December 2021, the CEB had four women (36%) on its Management team.

The Bank's workforce is made up of 213 staff members (54% women and 46% men). Of the 213 staff members, 149 are professional staff (46% women and 54% men) and 64 are support staff (72% women and 28% men).

Table - Geographical breakdown per employee / staff nationality

Staff nationality	Women	Men	Total	Share in workforce
Albania	1	1	2	0.9%
Belgium	4	5	9	4.2%
Bosnia and Herzegovina		2	2	0.9%
Bulgaria	1	1	2	0.9%
Croatia	1	1	2	0.9%
Cyprus		1	1	0.5%
Estonia	1		1	0.5%
Finland	2		2	0.9%
France	35	35	70	32.9%
Germany	5	11	16	7.5%
Greece	2	4	6	2.8%
Hungary	1	2	3	1.4%
Ireland	4	4	8	3.8%
Kosovo	1		1	0.5%
Italy	14	11	25	11.7%
Latvia	2		2	0.9%

Staff nationality	Women	Men	Total	Share in workforce
Lithuania	2		2	0.9%
Malta	1		1	0.5%
Republic of Moldova		1	1	0.5%
Montenegro	1		1	0.5%
The Netherlands		2	2	0.9%
North Macedonia	3		3	1.4%
Norway		2	2	0.9%
Poland	1	2	3	1.4%
Portugal	1	2	3	1.4%
Romania	11	2	13	6.1%
Serbia	5	1	6	2.8%
Slovak Republic	2	1	3	1.4%
Spain	5	5	10	4.7%
Sweden	2	1	3	1.4%
Switzerland	1	1	2	0.9%
Turkey	6		6	2.8%
TOTAL	**115**	**98**	**213**	**100%**

Each country is also represented on the Governing Board and on the Administrative Council. The Administrative Council and the Governing Board are both currently chaired by women.

Table - Governing Board composition including the Chairperson, as at 18 January 2022

Gender		Professional background				
Men	Women	Ambassador / Permanent Representative to the Council of Europe	Deputy Representative to the Council of Europe	Special envoy (Holy See)	Consul General	Ministry of Finance
30	12	38	1	1	1	1

Pending nomination: 1

Table - Administrative Council composition including the Chairperson, as at 18 January 2022

Gender		Professional background			
Men	Women	Ministry of Finance	Ministry of Foreign Affairs	Ministry of Economy	Other
26	14	29	3	4	6

Pending nominations: 3

For further details on Board and Council members, see here.

405-2 Ratio of basic salary and remuneration of women to men

Table – Monthly average and median pay of each gender grouping within each employee category in €

		Management*	Professional**	Support***
Average	Women	14 082	8 629	5 611
	Men	14 865	9 191	5 285
Median	Women	14 621	8 502	5 749
	Men	14 923	8 956	5 269

** Group 1 A5-A7, ** Group 2 A1-A5 & Group 3 A1-A2, ***Group 3 B5-B6, Group IV B1-B6 & Group V C1-C6*

The complete CEB salary scale is accessible online.

NON-DISCRIMINATION – GRI 406

3-3 Management of material topics

The Staff Regulations establish the principle of non-discrimination and prohibits the show of any illicit discrimination based on age, sexual orientation, racial, ethnic or social origin, colour, nationality, handicap, marital or parental status, gender, as well as political, philosophical and religious opinions.

The principles of respect for diversity and non-tolerance of discrimination are also enshrined in the Codes of Conduct. Furthermore, the CEB has a protection of dignity at work policy.

406-1 Incidents of discrimination and corrective actions taken

No incident of discrimination filed.

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