GRI Report

2022

CEB

COUNCIL OF EUROPE DEVELOPMENT BANK

BANQUE DE DEVELOPPEMENT DU CONSEIL DE L'EUROPE

GRI Report 2022

This report is to be read in conjunction with the Bank's annual Sustainability Report.

The 2022 Report 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 Report provides an overview of sustainability considerations in the CEB's financing services, day-to-day functioning and staff management.

About the CEB

The Council of Europe Development Bank (CEB) is a multilateral development bank with a unique mission to promote social cohesion throughout Europe. The CEB finances investment in social sectors, including education, health and affordable housing, with a focus on the needs of vulnerable people. Borrowers include governments, local and regional authorities, public and private banks, non-profit organisations and others. As a multilateral bank with an excellent credit rating, the CEB funds itself on the international capital markets. It approves projects according to strict social, environmental and governance criteria, and provides technical assistance. In addition, the CEB receives funds from donors to complement its activities.

The CEB has 42 member states. It was established as a partial agreement of the Council of Europe, but is legally and financially separate from it. The CEB is Europe's oldest multilateral development bank, having started out as a refugee resettlement fund in 1956.

For more about CEB, visit
coebank.org/en/about/

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GRI 1: Foundation

Statement of use	The CEB has reported in accordance with GRI Standards for the period January 1 2022 to December 31 2022.
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 such, 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 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 Türkiye.

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 2022.

2-3-c Publication date: See date of the Message from the Governor in the Sustainability Report.

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

2-4 Restatements of information

Some data related to the CEB's carbon footprint from own operations have been due a change in the boundaries of the assessment with the inclusion of emissions linked to laptops from 2021 onwards; a revised calculation of amortisation for IT equipment; a revised data input for travel activity in 2019; home-to-work commuting in 2018 because of a change in methodology; a revised data input for waste disposal, electricity and heating/cooling in 2019. For a systematic overview on the changes over time see item *305, Corporate impact.*

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 systematically 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-financing Facility, Cross-sectoral loans); it can also provide financing through guarantees and through the donor funds held in fiduciary accounts.

In 2022, the Bank approved 36 project loans in 16 countries for a total amount of €4.2 billion. For more information, see 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, in 2022 the CEB's sectors of action were 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

Breakdown by sector: Total loans outstanding in € thousands

Sector	Amount	Percentage
Health and social care	4,126,719	20.8%
Improving living conditions in urban and rural areas	3,227,479	16.3%
Supporting MSMEs for the creation and preservation of viable jobs	2,663,675	13.4%
Education and vocational training	2,624,151	13.2%
Housing for low-income persons and aid to refugees, migrants and vulnerable*	2,972,977	15.0%
Protection of the environment	2,177,049	11.0%
Natural or ecological disasters	1,100,449	5.5%
Other**	959,019	4.8%
TOTAL	**19,851,518**	**100%**

* The CEB often finances comprehensive programmes developing social housing, supporting people with low incomes and including aid to refugees, migrants and other vulnerable groups. Therefore, these loans are aggregated.

** "Other" includes loans from the CEB sectors "Protection of cultural heritage", "Administrative and judicial infrastructure", and "Cross-sectoral loans".

Breakdown by sector: Projects approved in 2022 in € thousands

Sector	Amount	Percentage
Housing for low-income persons and aid to refugees, migrants and vulnerable	1,432,300	33.8%
Health and social care	734,200	17.3%
Supporting MSMEs for the creation and preservation of viable jobs	680,000	16.0%
Natural or ecological disasters	550,000	13.0%
Improving living conditions in urban and rural areas	405,500	9.6%
Protection of the environment	289,000	6.8%
Education and vocational training	122,500	2.9%
Other	30,000	0.7%
TOTAL	**4,243,500**	**100%**

These sectors have been slightly updated in the new Strategic Framework 2023-2027 and related policies due to come into effect in 2023. For more details, see:

- the Loan and Project Financing Policy (November 2022)
- the Handbook for the Preparation and Implementation of Projects

To learn more about projects and sectors the CEB cannot finance ("exclusion list"), please see item 2-23-e.

Supply chain: The CEB procures supplies, works and services for its own operational needs. In addition, the Bank uses external service providers for, 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 Bank:

- 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 environmental and social sustainability issues, in line with its Environmental and Social Safeguards Policy.

The CEB's Environmental Statement (2019) underlines the importance of enhancing environmental and social considerations in procurement decisions for its own operational needs. These procurement 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 guidelines detail the principles and methods to be applied when awarding contracts to be financed by CEB loans. Implementing the guidelines 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 2022, the number of borrowers amounted to 215. 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: Partnering with donors.

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

2-7 Employees

As at 31 December 2022, the CEB's workforce was made up of 211 regular staff members plus 11 temporary staff (54% women/46% men) representing 33 different nationalities. Of the regular staff members, 71% were professional staff including senior management (47% women/34% men) and 29% were support staff (72% women/28% men). Out of the 211 staff members, 155 were on indefinite-term contracts and 56 on fixed-term contracts. Three 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.

Year	2017	2018	2019	2020	2021	2022
Total number of regular staff	200	206	206	209	213	211
Fixed term or temporary	14	14	11	60	58	56
Part-time	11	8	10	8	5	3
Supervised (interim) workers	2	14	13	8	0	2

For more information on staff nationality, see 405-1. For information on newly hired employees and employee turnover, see 401-1.

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 2022, with no significant change over the time period, the full-time equivalent (FTE) provided through service contracts stood at about:

Category	FTE
IT	25
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 Bank's legal representative, 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 at 31 December 2022, the Governor (Carlo Monticelli who took up his five-year term on 18 December 2021) was assisted by three Vice-Governors: Tomáš Boček (Target Group Countries), Sandrine Gaudin (Financial Strategy) and Johannes M. Böhmer (Social Development Strategy).

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, 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, the core business of the bank. It also approves new policies or changes to existing policies, including in particular the Environmental and Social Safeguards Policy (ESSP).

For an overview of the topics that have been on the agenda of these bodies, see Governing Board Meetings in 2023 and Administrative Council Meetings in 2023 on the website.

In 2020, the Administrative Council asked the Bank to further its climate approach and in November 2021, it endorsed its Paris alignment framework and roadmap. The CEB's services keep the AC regularly informed on the implementation of the Paris alignment roadmap.

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 project-related documents, which are submitted to the Administrative Council, include the main findings and recommendations resulting from the due diligence carried out by the Bank's services, including the environmental, social and climate-related aspects.

In addition, the Bank's organs are informed on an annual basis about key outcomes of the Bank's portfolio monitoring activities, including one key performance indicator which accounts for projects with ESS safeguards issues.

The Directorate for Technical Assessment & Monitoring (TAM) is responsible for the technical appraisal and monitoring of projects financed by the Bank. TAM's processes include the assessment of economic, environmental and social opportunities and risks. TAM experts support the fulfilment of the CEB's social development mandate mainly by seeking to strengthen the quality, policy-relevance and impacts of Bank-financed activities. The aim is to scale up their benefits, increase their inclusiveness, mainstream climate change and environmental sustainability considerations and improve the management of relevant risks that may affect, or be generated by, CEB-financed operations.

TAM's project analysis, including identified risks and recommendations for their management, is reflected in the Loan Document that is presented to the Administrative Council and in the Framework Loan Agreement for each project. During implementation of the project, TAM reviews *inter alia* the management of environmental and social risks, and carries out site visits when/where appropriate. The results of the technical monitoring are reported to the Bank's Management on an on-going basis.

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

The Risk & Control Directorate (R&C) is responsible for implementing the risk management framework. It makes proposals for risk policies and methodologies, supervises their implementation and undertakes risk reporting. It is independent of other operational and business directorates and reports directly to the Governor. The different R&C divisions address specific risk areas such as credit risk, market risk (including asset and liability management from a risk perspective) and operational risk. Asset and liability management (ALM) and market risk assessment are conducted by the Treasury & ALM Division and the Financial Risks Division. The Treasury & ALM Division carries out the day-to-day management of market risks (identification, assessment, monitoring, and reporting). The Financial Risk Division has the overall responsibility for identifying, measuring, assessing, monitoring, and providing independent oversight of all significant market risks for the Administrative Council.

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

Since 2020, the Bank has been mapping CEB-financed projects against the SDGs. For all the 36 projects approved in 2022 totalling €4.2 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 Sustainability 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 with which 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, based on international banking best practices, are prepared under the guidance of internal committees composed of members of the CEB's senior management and are 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.

As a multilateral development bank (MDB), the CEB is not subject to its member states' regulatory frameworks, the Basel Committee recommendations or European Union directives. However, it is the Bank's policy to follow best banking practices, according to its MDB status, by making all necessary adjustments. To this end, the CEB has established a set of Prudential Ratios and indicators to assess and monitor the risks arising from its activities. The CEB regularly reviews its risk and control policies, including its monitoring procedures.

The Bank created different decision-making committees responsible for defining and overseeing risk management policies in their respective fields. The Governor chairs all these committees:

- The **Credit Risk Committee (CRC)** meets weekly and makes credit decisions related to lending and treasury exposure based on internal credit risk assessments and recommendations.
- The **Asset & Liability Committee (ALCO)** holds meetings on a monthly basis or more frequently if necessary to formulate strategic orientations and address on a forward-looking basis interest rate, foreign exchange rate and liquidity risk arising throughout the balance-sheet.
- The **Committee for Operational Risks & Organisation (CORO)** reviews operational risk issues at the CEB semi-annually and ensures that adequate steps are taken to mitigate, monitor and control these risks.

In view of the Bank's credit track record, the organisation and processes have proven to be effective, with almost no defaults in over 65 years since the institution's inception.

Starting in 2021, the CEB has established a task force with the objective to first explore and then update the CEB's climate-related risk assessment and monitoring framework. This cross-directorate group has proposed the first climate risk related methodologies at both project and counterparty level. More outputs are expected going forward, also reflecting on requirements and trends in the financial sector (e.g. Task Force on Climate-related Financial Disclosures, ECB guidelines, EU Corporate Sustainability Reporting Directive, ESG rating agencies).

TAM's experts perform due diligence (technical, including environmental and social, and project procurement aspects) on CEB-financed operations throughout the project cycle from project identification to completion and provide advisory services to clients to support project preparation and implementation as well as capacity-building, either directly by mobilising and/or managing consultants, or by enhancing the accountability of the Bank's reporting activities particularly as regards environmental and social sustainability aspects, including climate-related issues.

Environmental, social and climate risks are screened and managed in accordance with the CEB's Environmental and Social Safeguards Policy and related standards and procedures. In 2022, two new internal guidance notes were developed, supporting the assessment of (i) the alignment with the temperature and resilience goals of the Paris Agreement and (ii) the physical climate risks[1] of the CEB's operations with a pre-defined use of proceeds for investment with a known geographical location. These notes have been in use since Q4 2022.

1. The CEB has screened all its operations for physical climate risk since 2017. This guidance note helps strengthen due diligence practices and supports the assessment of the alignment with the resilience goals of the Paris Agreement.

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

The CEB´s Governor, under the instructions and policy guidance of the Collegial Bodies, is responsible for managing the Bank's impacts on the economy, environment, and people.

As economic, environmental and social considerations are embedded in almost all the CEB's activities, numerous directorates and teams work on diverse sustainability-related topics. The Corporate Responsibility & ESG Reporting Division handles matters of a general and bank-wide nature, such as corporate sustainability disclosure and reporting, ESG ratings and coordination between directorates through a network of ESG Correspondents. The list of the directorates and offices that have specific responsibilities with regards to sustainability – in alphabetical order – is as follows:

- *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, e.g. 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 consistent with the Bank´s legal framework and 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, from 2022, assessing climate risk for sovereign counterparties.
- *Technical Assessment & Monitoring,* working with borrowers throughout the project cycle on managing risks and maximising positive impact related to social, economic, environmental and climate-related aspects; 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 brings together 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 including the management of climate-related risks. A working group at operational level report to the Steering Committee which informs the Governor who is accountable to the Administrative Council.

This cross-directorate structure focuses on the operationalisation of the Bank's commitment to align its activities with the goals of the Paris Agreement. Under this Steering Committee a working group and topic-specific task forces are dedicated to implementing the Bank's framework and roadmap, notably the commitment to align direct investments

with the temperature and resilience goals of the Paris Agreement by end 2022. Other operations financed by the CEB are expected to be aligned with the Paris Agreement by end 2023. To that effect, several methodologies were prepared, in line with the MDB Paris alignment framework, to support the assessment of the alignment with the temperature and resilience goals of the Paris Agreement of operations with a pre-defined use of proceeds for investments with a known geographical location, and the assessment of the physical climate risks of the CEB's operations. Other activities by the working group and the Steering Committee included the development of an approach for scoring climate-related risks of sovereign counterparties in order to inform future credit risk considerations.

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 in full with the issue of conflicts of interest. 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: According to the CEB's Compliance Policy, the Chief Compliance Officer 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 2022.

2-17 Collective knowledge of the highest governance body

In 2022, the Administrative Council and Governing Board were each briefed (once) specifically on the implementation of the Paris alignment roadmap, in addition to related discussions and briefings in the context of preparing the Strategic Framework 2023-2027.

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. Governing Board members are also for the most part the ambassadors and representatives of their respective countries to the Council of Europe. Here, no such evaluation can 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 reaching 10 years of service (i.e. not eligible for a pension), a leaving allowance is attributed, corresponding to an amount = 1.5 months 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 the 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 II 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 system of remuneration at the CEB is part of a legal and institutional framework defined by the Bank's Articles of Agreement (see Article XI: *"[...] The 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"*), its Staff Regulations, and the mechanism of the Co-ordinated Organisations. The CEB is committed to workplace gender equality, including to providing 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 Co-ordinated Organisations and attached organisations, such as 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.

Each year, the Administrative Council approves the annual budget of the Bank including the remuneration adjustment. As a result, in early January of each year 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): 2021: 2.03, 2022: 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): 2021: 1, 2022: 1

2-21-c Contextual information: none.

STRATEGY, POLICIES AND PRACTICES

2-22 Statement on sustainable development strategy

See the "Message from the Governor" in the Sustainability Report, and the Development Plan 2020-2022[2] 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 above.
- 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.
- The CEB Data Protection Regulations *"shall ensure protection of every individual, whatever their nationality or residence, with regard to the processing of their personal data by the CEB or on its behalf, thereby contributing to respect for their human rights and fundamental freedoms, and in particular their right to privacy."*

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. Note that in 2023, the Bank's new Strategic Framework 2023-2027 will take effect and replace 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/Strategic Framework 2023-2027: 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

CEB Data Protection Regulations: 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, should the implementation of a project financed by the Bank lead 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.

For the CEB there are certain project types it cannot finance ("exclusion list"). In its Environmental and Social Safeguards Policy (chapter 2.6), it is stated that: *"As a general rule and in accordance with its specific social focus, the CEB shall not finance large scale industrial operations that have the potential to generate important social and environmental. risks and adverse impacts. This limitation particularly concerns investments in the extractive industries sector, including in particular:*

- *Mining of coal or lignite*
- *Extraction of crude petroleum and natural gas*
- *Mining of metal ores."*

Furthermore, the CEB has excluded the following sectors of activity from financing in the Loan and Project Financing Policy, chapter 2.11 (European Union NACE codes):

- Extractive industries (NACE B) except division 8 Other mining and quarrying (8.1 Quarrying of stone, sand and clay; 08.91 Mining of chemical and fertiliser minerals and 08.92 Extraction of peat; 08.93 Extraction of salt)
- Distilling, rectifying and blending of spirits (NACE C11.01)
- Manufacture of tobacco products (NACE C12)

- Manufacture of coke and refined petroleum products (NACE C19)
- Manufacture of explosives (NACE 20.5.1)
- Processing of nuclear fuel (NACE C24.46)
- Manufacture of weapons and ammunition (NACE C25.4)
- Manufacture of military fighting vehicles (NACE C30.4)
- Financial and insurance activities (NACE K64-66)[3]
- Real Estate Activities (NACE L68)[4]
- Gambling and betting activities (NACE R92)
- Activities of membership organisations (NACE S94)

Investment projects linked to pornography and to products regarded by the CEB's Member States regulations as harmful to the health and the environment[5] shall also be excluded.

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 system for resolving and providing 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, Internal Rule on the Protection of 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

3. This does not concern CEB's own intermediary financial institutions.
4. Some real estate activities, including land acquisition, may be needed as part of social housing projects and will be clearly identified and justified on a case by case basis when conducive to the social objective of the project.
5. Production or trade in any product or activity deemed illegal under the member states laws or regulations or international conventions and agreements, such as unbonded asbestos fibers, pharmaceuticals, pesticides/herbicides, ozone-depleting substances, polychlorinated biphenyls (PCBs), wildlife or products regulated under the Convention on International Trade in Endangered Species (CITES).

ethical issues. When a request for opinion arises, the entry points used as advice, help and concern-raising concerns, 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 allegations 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. The Whistleblowing Policy defines the framework and key principles, and sets out the procedure.

2) **Project-related complaints**: Project-related cases submitted to OCCO are registered under two categories: a) allegations related to potential fraud, corruption, collusion, coercion, bribery and/or procurement related complaints and b) complaints related to the Bank´s applicable policies on environmental and social safeguards.

OCCO is mandated to lead the complaint handling for project related complaints and grievances from stakeholders, and coordinates the relevant services in ensuring a timely and relevant response to the complainant. Addressing stakeholders' complaints in a timely and effective manner is within OCCO's roles and responsibilities, as it contributes to building trust and credibility, enhances accountability and plays a paramount role in safeguarding the CEB's reputation. Moreover, complaint analysis and resolution provide valuable insights for lessons learned and continuous improvement resulting in higher social impact and increased project effectiveness for the Bank.

Besides, and in accordance with the Handbook for the Preparation and Implementation of Projects, the Bank requires the implementing entities of projects likely to have environmental/social adverse impacts to establish a procedure that addresses concerns or complaints from persons adversely affected by the project.

3) **Procurement-related complaints** for projects are handled as per the Procurement Guidelines, and complaints related to 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 Rule by the Governor laying down the CEB's competitive procedures for awarding grants.

2-27 Compliance with laws and regulations

Non-compliance with laws and regulations in 2022: none.

Disciplinary actions taken by HR in case of anti-corruption/anti-money laundering breaches by staff: none/no cases.

The table below contains the project-related compliance cases, including both direct complaints from stakeholders, and cases examined by OCCO upon information/ tip-offs provided internally or from outside sources.

	Registered cases	Confirmed cases	Closed cases	Disciplinary procedures and corrective measures taken
2022	9	5	4	Disciplinary procedures were not taken, not being appropriate for the cases handled; for the closed cases, the measures taken were enhanced follow up, increased information exchange with co-financiers and two fact-finding missions.
2021	6	1	5	Corrective measure regarding a contract taken in one case
2020	3	0	3	Not applicable
2019	4	3	4	Disciplinary measures not taken as not appropriate; in one case the monitoring reporting was adjusted to include additional information; in one case the borrower took immediate adequate action.

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.

In 2022, the CEB became a member of the UNEP FI's Taskforce on Climate-Related Financial Disclosure (TCFD) and Climate Risk Programme. At COP27, the CEB, together with its peer multilateral development banks, was signatory to a joint statement on expanding support for countries seeking a climate-resilient sustainable transition. The same year, the CEB joined the multilateral development institutions' working group and participated in its annual meeting. The purpose of the group is to exchange best practices and to discuss issues related to corporate sustainability, with a focus on GHG emissions from internal operations.

In 2022, the CEB took part in the third edition of the Finance in Common Summit, and joined the new FiCS Coalition on Resilient Cities and Regions, led by the Global Fund for Cities Development (FMDV). The Bank co-leads the FiCS Coalition for Social Investment, which it launched in 2020 jointly with the 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, Türkiye, Republic of Moldova and Georgia). In 2019, the CEB renewed its memorandum of agreement with UNICEF.

In 2022, the CEB completed 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.[6] 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 Bank is also a member of the European Association of Long-term Investors (ELTI).

6. 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.

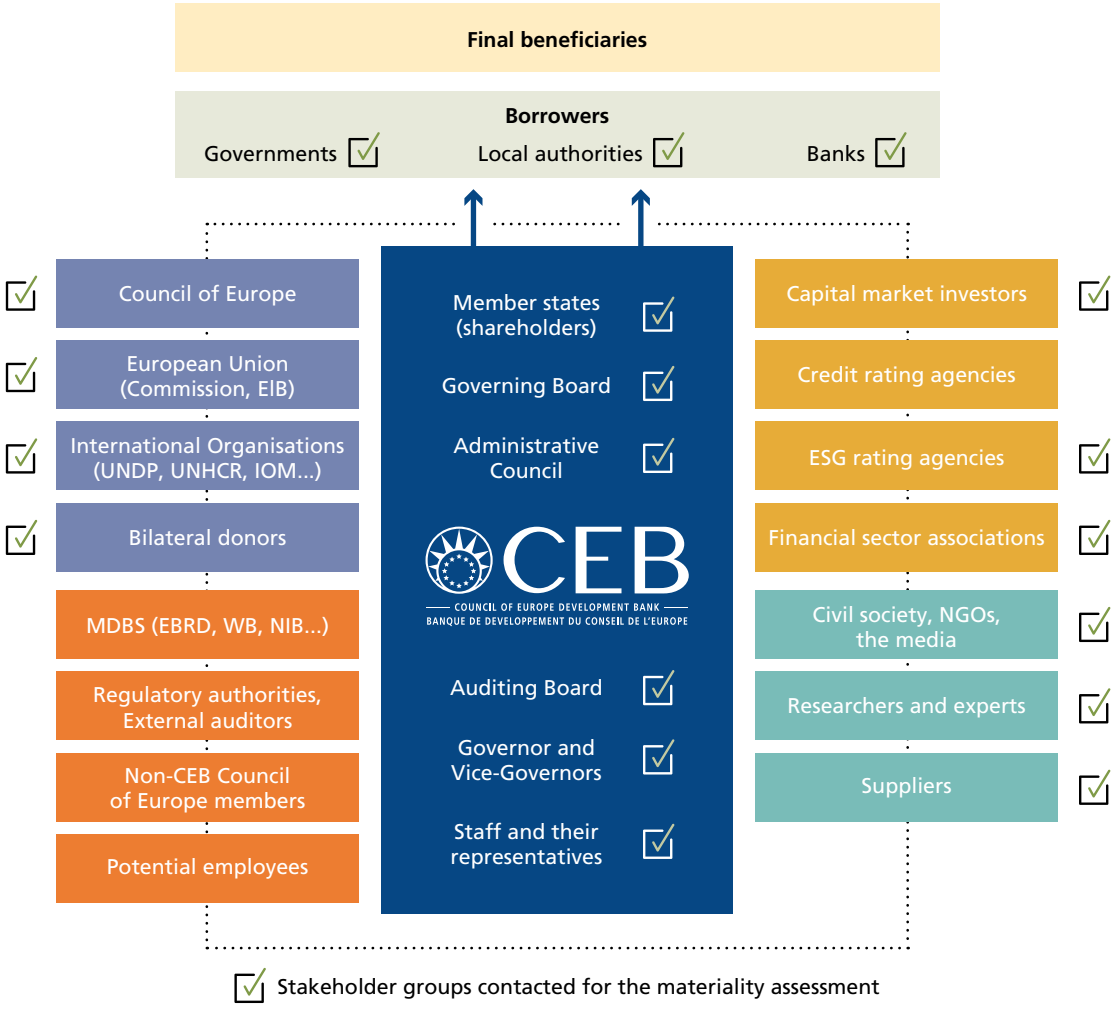
STAKEHOLDER ENGAGEMENT

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 the 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.*



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.

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 Articles of Agreement (see Article XI: *"[…] The 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"*) 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 7 of the Staff Regulations.

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
- 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 enables 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[7], 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

7. Note that, in 2023, the Bank's new Strategic Framework 2023-2027 will take effect and the three lines of action will be adjusted.

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:

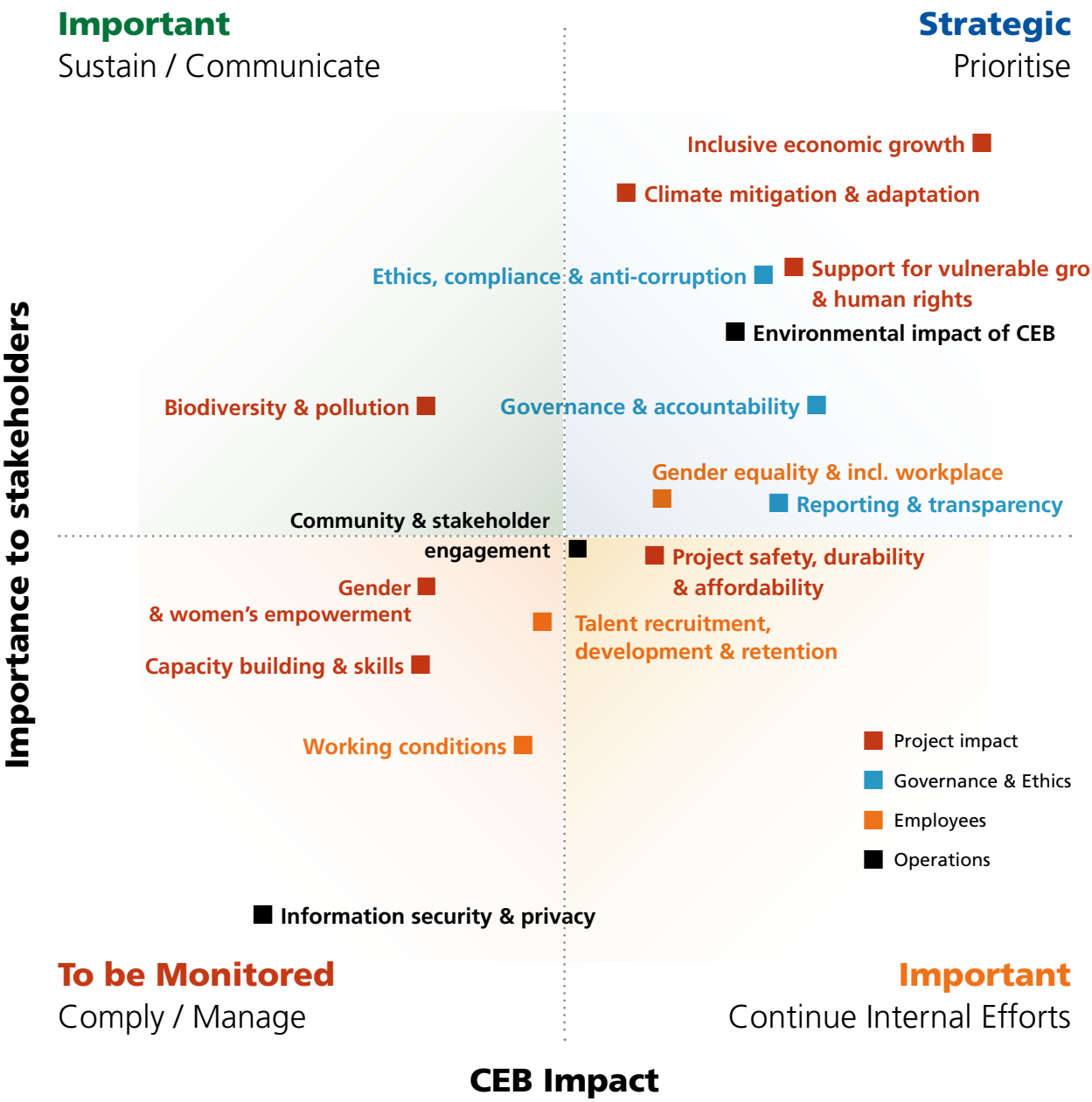
- Ethics, compliance & anti-corruption
- Governance & accountability
- Reporting & transparency

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.

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 Items 3-1 and 3-2, 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 Impact" and "Corporate Impact" below.

Topic Standards
OPERATIONAL IMPACT

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 - *rating on review for upgrade*[8] - with Moody's, and AA+ outlook positive with Fitch Ratings[9]), 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 in its net profit, while remaining in line with the Bank's expectations.

201-1 Direct economic value generated and distributed

See the 2022 Financial Report for extensive information.

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

The CEB acknowledges the importance of climate change and assesses environmental considerations in all the projects it finances. Moreover, this acknowledgement of the importance of climate change was already underscored by the Development Plan 2020-2022, which introduced "environmental sustainability" including climate change as one of its three strategic lines of action. Climate change risks and opportunities as regards the CEB's lending operations are addressed in the Environmental and Social Safeguards Policy (section 2.4). All 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.

As of 2023, the CEB will ascertain the alignment between the activities it finances and the goals and principles of the Paris Agreement, in line with its Paris alignment roadmap (direct operations aligned by end 2022 all other lending operations aligned by end 2023). The CEB does not finance fossil fuel-based energy projects or projects in the transport sector other than sustainable low carbon local public transport and public roads. The exposure of the CEB's lending portfolio to operations with high transition risks is therefore very limited.

The CEB has also launched a mapping exercise of climate related risks to better identify impacts on risks and opportunities that the Bank may face due to climate change. This process is being undertaken with the involvement of all relevant services for the identification and assessment of such risks and opportunities in a collaborative manner.

8. On 16 December 2022, Moody's placed the CEB's Aa1 rating on review for upgrade. This review can last up to 3 months.
9. On 26 July 2021, Fitch Ratings changed the outlook of its rating from 'stable' to 'positive'. In general, an outlook can last up to 24 months.

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 it needs to fulfil 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.

The new Strategic Framework foresees a sustained annual volume of loan approvals at €4.3 billion. This is made possible by the increase, approved at the end of 2022, for a maximum of €4.25 billion in subscribed capital, of which €1.2 billion paid-in, ensuring the Bank's financial strength and sustainability.

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 a diversity of nationalities (from its member states) among 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.

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

At the end of 2022, 33 of the CEB's 42 member countries were represented among the 211 regular staff members. Of the 15 people in the group of elected officials and senior management, i.e. Governor, Vice-Governor and Director level, two were from France, the CEB's host country, three from Italy, and one each from Bosnia-Herzegovina, the Czech Republic, Germany, Greece, Ireland, Norway, Romania, Spain and Türkiye.

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 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 element 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) has visible executive support for the compliance programme and principles via the "tone from the top" from the CEB's Governor 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 Anti- Corruption Charter,
- a Policy on Non-Compliant/Uncooperative Jurisdictions,
- a full set of Codes of Conduct,
- a Whistleblowing Policy,
- Guidelines on the internal procurement of services, supplies and works by the CEB,
- Integrity Due Diligence Guidelines & Procedures,
- Guidelines for additional Tax Due Diligence

The framework is applicable to all projects financed by the CEB and (as mentioned in Item 2-26). OCCO identifies and assesses, mitigates and reports the compliance risks, and advises the Governor and all CEB management committees on the relevant rules and standards; OCCO 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 annual Compliance Activity Report.

205-1 Operations assessed for risks related to corruption

The CEB's compliance function receives less than five complaints of corruption related to CEB-financed operations per year, on average for the last 10 years. In 2022, five 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 five complaints, three were closed and two were ongoing as at December 2022.

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 staff that joined the CEB in 2022 was held in December 2022. In addition, OCCO launched a comprehensive dedicated page on the CEB's intranet MOSAIC, which contains all relevant internal rules, forms and resources, as well as awareness-raising material. OCCO maintains an e-learning module on the Code of Conduct, specifically covering the topics of conflict of interest, bribery and corruption, receiving and giving gifts, respecting others, harassment and discrimination, and raising concerns. All staff are requested to sign their acceptance of the Code of Conduct annually. For the fourth year in a row, the CEB joined its peers in the international community in marking International Anti-Corruption Day on December 9th. The message of the Chief Compliance Officer was shared will all employees and posted on the CEB's intranet MOSAIC, as well as on the CEB's social media pages.

205-3 Confirmed incidents of corruption and actions taken

As at December 2022, there were no confirmed corruption incidents related to CEB staff. For information on project-related cases and the handling thereof, see Item 2-27.

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.

IMPLEMENTATION OF A RESPONSIBLE TAX STRATEGY

As a multilateral development bank with a social vocation, the CEB supports international cooperation and the implementation of international standards to fight against tax evasion/fraud and non-transparent tax practices in order to preserve the integrity of its operations from the risks posed by non-compliant/uncooperative jurisdictions (NCJ). Since 2014, the CEB has applied a regularly updated policy on non-compliant/uncooperative jurisdictions as prepared by the CEB's Office of the Chief Compliance Officer (OCCO) and adopted by the Bank's Administrative Council.

The CEB has allocated relevant measures to implement a responsible tax policy, including:

- Prohibition on investments linked to problematic jurisdictions in the NCJ Policy
- Regular country tax assessment to identify problematic jurisdictions. Regular reviews of the EU non- compliant and non- cooperative jurisdictions for tax purposes, as well as the OECD Global Forum on Transparency and Exchange of Information for Tax purposes communicated regularly via Memoranda to the General Management Committee on the updates of the relevant reference lists regarding tax good governance
- Relocation clause if the beneficiary operates in problematic jurisdictions
- Identification of the beneficial owners of ultimate beneficiary companies (due diligence)
- Identification of the ultimate beneficiaries of the MDB's intermediated lending

PROHIBITION ON INVESTMENTS LINKED TO NON- COMPLIANT/ UNCOOPERATIVE JURISDICTIONS

As provided for in its Policy on Non-compliant and Uncooperative Jurisdictions (updated in 2021 to align with the prohibition of jurisdictions that are on the EU list of Non-compliant and Uncooperative jurisdictions for tax purposes (Annex I)) the CEB commits not to finance a project involving an Immediate Entity or a Controlling Entity established in a NCJ established or incorporated in:

1. jurisdiction classified by one or more Reference Bodies as presenting ongoing and substantial AML-CFT risks, having repeatedly failed to address and/or remedy (as the case may be) identified strategic deficiencies in its AML-CFT framework and for which a call for action by members of the classifying Reference Body applies; or
2. a jurisdiction which is rated "non-compliant" by the Global Forum or included on the EU list of "non-cooperative jurisdictions", except, in order to avoid penalising the local population of the CEB's countries of operations, if the project is physically implemented in the relevant NCJ and does not present any indication that it is being artificially structured or used for Targeted Activities following Enhanced Integrity Due Diligence (EIDD).

PORTFOLIO ASSESSMENT TO IDENTIFY PROBLEMATIC JURISDICTIONS

Anti-Money Laundering, Counter Terrorist financing and Tax Harmful Practices Portfolio Risk Assessment is performed once a year by OCCO. All CEB counterparties, both new and existing, are also subject to individual Compliance Risk Assessment (CRA) with Risk Weighted Approach (RWA) at least once a year. Sovereigns are assessed for their compliance with the FATF, MONEYVAL, GRECO recommendations and reports, the OECD Global Forum on Transparency and Exchange of Information for Tax Purposes and the EU list of non-cooperative tax jurisdictions, or any sanctions lists and other potential red flags concerning harmful tax practice.

Complex integrity due diligence and tax due diligence can be externalised to dedicated specialists, if needed, as decided by OCCO.

IDENTIFICATION OF THE BENEFICIAL OWNERS OF ULTIMATE BENEFICIARY COMPANIES/IDENTIFICATION OF THE ULTIMATE BENEFICIARIES OF THE MDB'S INTERMEDIATED LENDING

The CEB applies enhanced Integrity Due Diligence (EIDD) to projects involving an Intermediate Entity or a Controlling Entity established in an NCJ in respect of which the FATF, MONEYVAL or the EU has released a public statement formally calling its members to consider the risks arising from the deficiencies associated with such jurisdiction. Whenever a project requiring EIDD involves an Intermediate Entity or a Controlling Entity located in an NCJ, the CEB obtains clearance from the Chief Compliance Officer (CCO), thereby satisfying itself that there are sound business reasons for the use of the NCJ.

RELOCATION CLAUSE IF THE BENEFICIARY OPERATES IN PROBLEMATIC JURISDICTIONS

For projects subject to EIDD, a relocation undertaking may be imposed on an ad hoc basis by the CEB. In such cases, should the relevant jurisdiction continue to be considered an NCJ after the deadline specified in the relevant contractual documents, the counterparty concerned must comply with the relocation undertaking within the timeframe specified in the contract. Any infringement of a relocation undertaking may give rise to the exercise of contractual remedies.

Further to the above, each of the CEB's potential counterparties is subject to Compliance Risk Assessment (CRA). This assessment encompasses integrity due diligence (IDD) checks and assessment that include, among other elements, past or current issues related to tax avoidance or tax evasion or other tax harmful practices. The assessment covers the counterparty and the transaction integrity risk (AML-CFT/Tax). Projects and treasury operations, new or existing, are assessed and analysed at multiple levels, from identification within the Loans & Social Development Directorate, to credit risk analysis and integrity due diligence.

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 Finance and Risk Committee (at counterparty financial limit level), and the Development and Project Committee, and are finally approved by the Administrative Council. Each counterparty - borrower, i.e. sovereign, financial institution, quasi sovereign entity or broker - is reviewed annually by the Credit and Finance Risk Committee; the Office of the Chief Compliance Officer provides a review of the CRA for each counterparty at least once a year.

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 and associated Environmental Standards, 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.

For project types that the CEB cannot finance ("exclusion list"), please see *2-23-e*.

TAM, more specifically its Environmental and Social Sustainability – Climate Change Unit (ESS-CC), assesses and monitors the environmental and social risks of the operations financed and oversees the environmental impacts on projects, including for climate-related aspects. TAM assesses the environmental risks in all proposed operations so as to ensure that the projects financed by the CEB are designed and implemented to comply with the appropriate environmental standards, minimise adverse environmental impacts, and optimise environmental benefits. The CEB will not knowingly finance projects which are likely to cause significant and irreversible negative environmental and/or adverse social impacts. The CEB requires that all projects be designed and implemented in a way that ensures consistency with substantive standards and practices enshrined in relevant Multilateral Environmental Agreements (MEAs) and Council of Europe conventions incorporated into the applicable laws (e.g. biodiversity, climate change, the ozone layer, wetlands, persistent organic pollution, trans-boundary air pollution, endangered species and environmental information). Environmental scoring from this assessment is included in the loan documentation.

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.

The Handbook for the Preparation and Implementation of Projects, chapter 6.2, describes the requirements for environmental and social assessment, public consultation and risk mitigation and management in terms of processes and issues to be addressed for borrowers in CEB lending operations that are likely to have adverse environmental/social impacts. This includes the protection of nature and biodiversity, pollution prevention, resource efficiency, climate change, vulnerable groups, gender and discrimination, working conditions and community health and safety. Requirements for the borrower regarding biodiversity are included in "B. Environmental Coverage", section on "Protection of natural and biodiversity".

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).

The Handbook for the Preparation and Implementation of Projects, includes requirements for the borrower regarding natural habitats and protected areas in CEB lending operations that are likely to have adverse environmental/social impacts; see chapter 6.2 in "B. Environmental Coverage", section on "Protection of natural and biodiversity" in the Handbook.

EMISSIONS – GRI 305

3-3 Management of material topics (additional information)

For financed operations, the Handbook for the Preparation and Implementation of Projects, chapter 6.2, includes requirements for the Borrower regarding pollution in "B. Environmental Coverage", section on "Pollution Prevention".

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 (TAM).

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 Impact" in this GRI Report.

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 annual Sustainability Report for emission disclosure for CEB-financed projects.

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.

The CEB formalised its commitment to respect and promote human rights in its lending activities in its Environmental and Social Safeguards Policy. The Article 17 of the policy states: *"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 the European Social Charter"*. Article 25 of the policy specifies: *"The CEB requires that all Projects be designed and implemented in a manner to ensure that they are in line with the relevant principles of the Council of Europe Convention for the Protection of Human Rights and Fundamental Freedoms and the European Social Charter"*. Other major policies and strategies of the Bank also enshrine this commitment, notably the Loan and Project Financing Policy, the Development Plan 2020-2022 (as of 2023: the Strategic Framework 2023-2027), and the Handbook for the Preparation and Implementation of Projects. Moreover, to enhance communication on these principles, further references to them can be found in the CEB's Sustainability Report and Annual Reports.

In addition, when being submitted to the Administrative Council for approval, all CEB-financed operations must receive an opinion of admissibility by the Council of Europe's Secretary General, which is supported by the Secretariat of the Partial Agreement on the CEB. The **Secretariat** provides secretariat services to the CEB's Collegial Organs, is responsible for the preparation and follow-up of admissibility opinions for projects and ensures and develops links between the CEB and the Council of Europe. In particular, the "**Project pillar"** is responsible for the preparation and follow-up of the Secretary General's opinions on the admissibility of applications for loans, based on a project's conformity with the political and social aims of the Council of Europe, which include protecting and promoting human rights and protecting social rights.

Finally, the CEB was one of the early endorsers of the "Public Development Banks Statement on Human Rights and Human Rights Based Approach" issued in October 2022 by Finance in Common – the global network of all public development banks, which aims to align financial flows on the 2030 Agenda and the Paris Agreement on Climate Change(see also 2-28).

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.

According to the Environmental and Social Safeguards Policy, all proposed operations are screened at appraisal stage to assess and review the social risks of all operations and their management to avoid or minimize these risks. This screening also covers human rights aspects, with the objective namely to avoid any risks of human rights violations in operations financed by the CEB. To further strengthen this requirement vis a vis the CEB's borrowers, all CEB loan contracts signed with the borrowers, including with financial intermediaries, contain a clause on human rights, particularly relating to the non-violation of the European Convention on Human Rights and the European Social Charter.

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 has specific requirements in terms of the disclosure of environmental and social safeguards information and public consultation (section 2.3 of the ESSP) and indicates that the CEB will not knowingly finance projects which are likely to cause significant and irreversible (...) adverse social impacts" (article 21 of the ESSP). In addition, in the Handbook for the Preparation and Implementation of Projects, chapter 6.2, the section on "Information disclosure and public consultation" outlines requirements for the borrowers and the section "handling of complaints by project affected persons" outlines the requirements for local community engagement.

Note also that there are certain project types the CEB cannot finance ("exclusion list"), see 2-23-e.

Over the course of 2021, two complaints with the potential to trigger some negative impacts on local communities, mainly on environmental grounds, were brought to the Bank's attention. Both are being processed. 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.

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 IMPACT

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 (see also Item 2-29).

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 & climate 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 a more comprehensive environmental management system (EMS) (e.g. responsibilities, timeline, KPIs) to reduce its environmental impact and increase its operating efficiency. In 2019, the Bank gave itself a high-level working programme to address its environmental footprint linked to the organisation's internal operations, the CEB Environmental Statement. With the Bank-wide roll out of the Paris alignment framework a new cross-directorate Task Force on Aligning Internal Operations (TFIO) was established to further advance the commitments taken in the above-mentioned Statement. This group looks to:

- Work in accordance with the *MDB Guidance Note on Aligning Corporate Activities*[10], a document that the CEB and its peers put together to define good practices for driving down GHG emission from the Banks' internal operations.
- Develop an action plan, which, once completed, will help to manage and follow up on potential actions and better steer concrete improvements.

Work on a sustainable procurement policy is still ongoing, supported by the University of Zaragoza in Spain (see Item 308). For 2022 achievements, see the Sustainability Report.

MATERIALS – GRI 301

301-1 Materials used by weight or volume

In 2022, the CEB used 2.02 tonnes of office paper (all FSC quality, either recycled and/or certified sustainable forestry), compared to 2.3 tonnes in 2021, 3 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 and 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. Since 2022, these efforts are embedded within the larger framework of Paris alignment, see Items 300 & 3-3 above.

302-1 Energy consumption within the organisation

Energy consumption by type over the period 2018 - 2022

	2018	2019	2020	2021	2022
Electricity* (MWh)	788	705	749	681	669
Heating (tonnes of steam)	1 162	1 094	892	1 261	812
Cooling (MWh cold)	33.6	38.7	31.9	40.6	38.9
Fuel** (litres)	4 118	2 934	782	623	347

* 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 & 2021 assessment for electricity. Assumption: 2/3 of staff working from home. In 2022, working from home was estimated to be 2/5.

** 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).

10. The TFIO does not cover treasury activities. This is addressed in another workstream of the PA framework.

302-3 Energy intensity

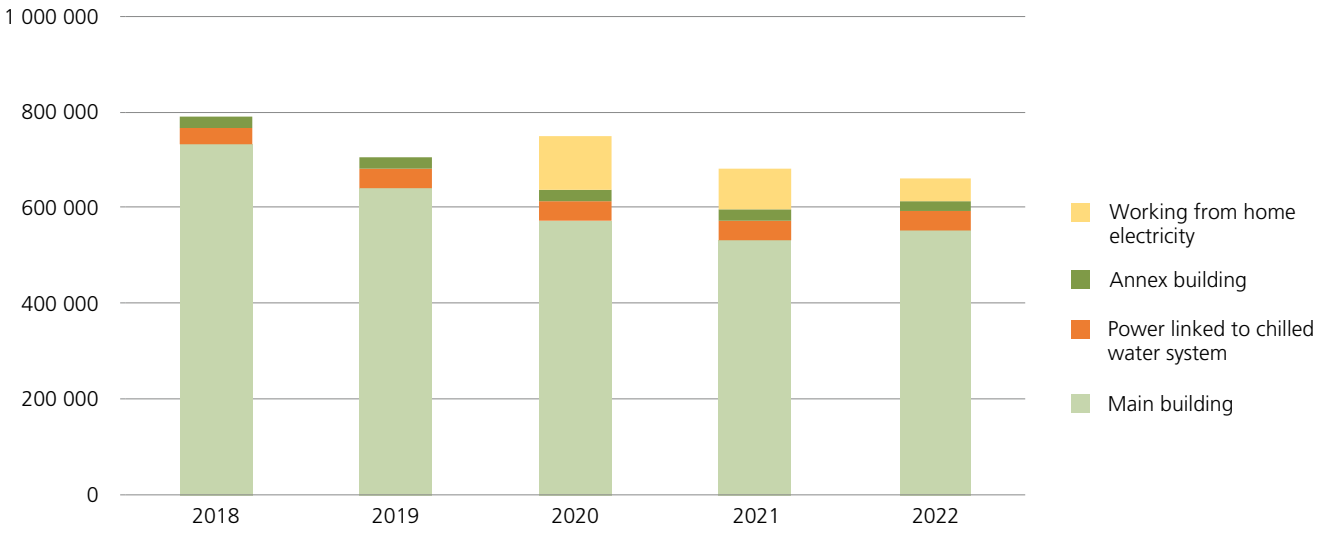
The CEB being a non-physical service provider, the energy intensity ratio is presented per employee (where the number of employees is 211 for 2022), and also per square metre (where the total office space is 7713 m^2). Office space in 2021: 7675 m^2, 2020: 7675 m^2, and up until 2019: 7600 m^2.

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 2018 - 2022:

	2018	2019	2020	2021	2022
Energy intensity (kWh/employee)	3 826	3 424	3 582	3 198	3170
Energy intensity (kWh/m^2)	104	93	98	89	87

302-4 Reduction of energy consumption

18% reduction in energy consumption over the period 2018-2022, 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. In 2022, working from home was estimated to be 2/5.

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 2018 - 2022:

	2018	2019	2020	2021	2022
Municipal water use (m^3)	2 250	2 777*	2 603*	3 041	3 580

*This data has been restated compared to GRI Report 2021.

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

	2018	2019	2020	2021	2022
Approximate water discharges (m^3)	1 800	2 222*	2 082*	2 433*	2 864

*This data has been restated compared to GRI Report 2021.

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 & climate 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 8.71 (2021) 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 following gives you a broad overview on adjustments done to the CEB's GHG emission assessment from internal operations over time.

		2022	2021	2020	2019	2018
Buildings – Heating & cooling	Vapour network					
	Cooling use					
Buildings – Electricity	Electricity					
Travelling – Commuting	By car & motorbike					
	By local public transport					
	By high speed train, EV, e-scooter, e-bike					
Travelling – Business travelling	By plane					
	By train					
	By car and taxi					
Paper & consumables	Water bottles					
	Consumables					
	Post services					
	Magazines and newspapers					
	Printing brochures					
	Printing paper					
Waste disposal & wastewater	Wastewater					
	Garbage					
IT equipment	Printers					
	Laptops					
	Computers					
	Large screens					
	Photocopiers / scanners					

Item	Color code	Example
Assessment methodology adjusted		Moving from using km travelled to litres of gasoline consumed for assessing emissions from company cars
Item's assessment scope increased		Electricity usage when working from home included in electricity consumption
New item added		Laptops purchase in 2020 were added to assessment
Item discontinued		CEB does not buy any longer plastic water bottles for meeting rooms
Emission factors updated		Adjusting emissions per kWh of electricity, depending on 'average grid emissions' in France.

305-1 Direct (Scope 1) GHG emissions

The base year for 305-1, 305-2, 305-3 and 305-4 is 2022.

Gross direct (Scope 1) GHG emissions: 0.94 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: 146 tonnes of CO_2 equivalent.

The CEB's gross location-based energy indirect GHG emissions are associated with the electricity consumption (38 tCO_2 eq) and the municipal heating and cooling systems (108 tCO_2 eq).

305-3 Other indirect (Scope 3) GHG emissions

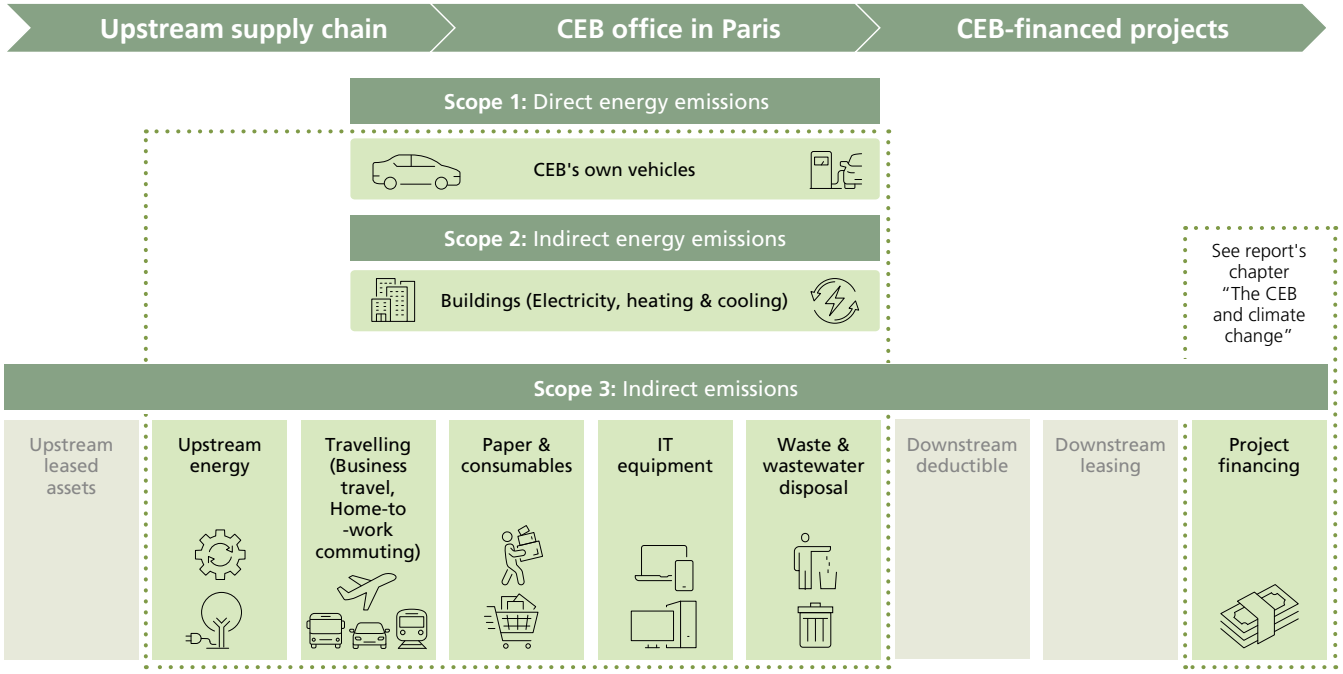
Gross other indirect (Scope 3) GHG emissions: 354 tonnes of CO_2 equivalent.

This scope includes the purchase of goods and services, IT equipment, the upstream of energy, home-to-work commuting and business travelling, waste and water disposal. 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 211). All types of GHG emissions are included (i.e. scopes 1, 2 and 3).

The 2022 GHG emissions intensity ratio for the organisation stands at 2.4 tonnes CO_2eq/employee, based on the *Bilan Carbone* methodology (2021: 2.1 tonnes CO_2eq/employee, 2020: 1.8, 2019: 4.5).



305-5 Reduction of GHG emissions

Annual GHG emissions by scope in tCO_2eq (rounded figures)

Scope	GHG sources	2018	2019	2020	2021	2022
Scope 1	Own service vehicles	11	8	3	2	1
Scope 2	Heating & cooling	156*	145	118	167	108
	Electricity consumption	45*	40	45**	42*	38
Scope 3	Business travel, incl. taxi	661*	457*	60*	111*	208
	Home-to-work commuting	79*	82	28***	23	24****
	Paper & consumables	93	88	66*	72*	87
	Waste & water disposal	53*	55	1.2***	1.9*	2.7
	IT equipment	48	49	63*	34*	33
TOTAL		**1 047***	**924***	**384***	**453***	**501**

* This data has been restated compared to the GRI Report 2021, due to a new methodology assessing the sorting and recycling of a part of the waste stream collected by Le Petit Plus (see 306-4); change in methodology for the estimation of commuting (mobility survey and no longer a pro-rata); revised data input for energy data in 2018, revised data input for business travel in 2019; increased boundaries of the carbon assessment linked to new laptops in the in 2020 and 2021.

** To adapt the footprint to most of the staff working from home, as of 2020, the electricity consumption of IT equipment (e.g. computers at home) has been included in the 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.

**** In 2022, an updated set of figures was used for commuting, derived from a staff questionnaire.

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 is 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, using Le Bon Bocal.

306-3 Waste generated

306-5 Waste directed to disposal

Total weight of non-hazardous waste: municipal waste of 1.03 tonnes, with any disposal methods except re-use, recycling and composting (2021: 21.7 tonnes[11], 2020: 52 tonnes, 2019: 149 tonnes, 2018: 145 tonnes).

11. This data has been restated compared to the GRI Report 2021, because of a new methodology assessing the sorting and recycling of a part of the waste stream collected by Le Petit Plus (see the table below).

306-4 Waste diverted from disposal

In 2022, the waste streams captured and recycled with the help of a socially responsible enterprise, Le Petit Plus, were the following:

In Kg	2020	2021	2022
Paper and paperboard	357	892	–
Plastic bottles and cups	230	202	533
Coffee capsules	44	211	338
Glass	28	220	922
Batteries	–	10	–
Light bulbs	–	8	–

In 2022, the carboard and paper waste stream capture by the recycling enterprise PAPREC, was the following:

In Tonnes	2022
Paper and paperboard	19.9

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 framing a sustainable procurement policy and phasing in sustainable selection criteria where appropriate. This led to a further preparatory step for 2022 which is supported by the University of Zaragoza in Spain. Furthermore, the Task Force on Aligning Internal Operations set up under the PA framework and roadmap has taken over the follow-up of this work. For more information, see 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 actions taken on these items over the course of 2022, see the most recent 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 2022, 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 11.5 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 while mitigating biases. The recruitment process at the Bank follows different steps including preliminary selection, assessment, and interviews. The CEB currently tracks four main diversity dimensions when it comes to appointed staff: gender, nationality, age, and professional background. Newly hired staff members are introduced to a staff member who will act as a buddy during their first six months and 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 a minimum 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 on 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. The CEB's moderate turnover is rather similar to that of other international organisations with similar contractual policies. Turnover is defined as the total number of Bank staff leaving the organisation in a given financial year divided by the average population present in the same year:

In percentage and number of staff	Total employee turnover	Reason for departure				
		Retirement	Early departure/ Mutual agreement	End of contract	Resignation	Change of status
2021	**3.79%** 5 men, 3 women	**0.94%** 1 man, 1 woman	**0.47%** 1 man	**1.41%** 2 men, 1 woman	**0.94%** 1 man, 1 woman	N/A
2022	**7.60%** 10 men, 6 women	**4.3%** 4 men, 5 women	**0.9%** 2 men	**0.9%** 1 man, 1 woman	**0.9%** 2 men	**0.5%** 1 man

Any national of one of the Bank's member states may apply for employment.

A total of 18 appointments represented 9 different nationalities, including some of the less represented countries such as Georgia. Out of the 18 appointments 14 were externally hired (36% women and 64% men) and comprised three senior management staff (67% women, 37% men), eight professional staff (38% women and 62% men) and three support staff (all men). Out of the four internally appointed staff, two men were appointed at senior managerial level, and one man and one woman were appointed at professional level. Out of the 16 staff departures, four were managerial staff (all men), four were professional staff (50% women, 50% men) and eight were support staff (37.5 % women, 62.5 % men).

The average age among external hires in 2022 was 42 years old, which, along with the upcoming retirements, may contribute to lowering the average age, currently at 49 years, and to a more even spread, with experienced staff able to guide more junior staff.

Over the last five years, among the externally hired staff, 43% came from international financial institutions, 43% from the private sector and 14% from the public sector.

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 and dependent child allowances).

401-3 Parental leave

The table below summarises 2022 data for parental leave by a total number of women and men.

	Women	Men
Employees entitled to parental leave	3	4
Employees taking parental leave	3	4
Employees returning to work in the reporting period after parental leave ended	3	4
Employees returning to work after parental leave ended that were still employed 12 months after their return to work	3	4
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 Financial 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 and comprising 7 members, which represents 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 of 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 members' general interests and opinions are considered. For more information, see Item 403-7.

The **Board for Disabled Dependent Child or Parent** 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**, at the request of the Governor, issues 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 Staff Rules.

For termination notices, reference is made to Articles 4 and 6 of the Staff Regulations, and to Articles 470.3, 610, 620, 630, 640 and 650 of the Staff Rules. As to operational changes, particular reference is made to the abolition of posts (Article 6 of the Staff Regulations and Articles 610, 620, 630, 640 and 650 of the Staff Rules) and internal transfers and secondments (Article 5 of the Staff Regulations and Articles 550 and 570 of the Staff Rules).

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*[12]) is a tool which enables all occupational health and safety risks to be identified, monitored 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

12. This French acronym stands for *Document Unique d'Evaluation des Risques.*

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

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 considered, but staff well-being is also included in many communication actions and management training sessions. For more than ten years, the Bank has trained volunteer staff members to participate in the first aid programme and in the business continuity plan. A total of 15% 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 teleworking, up to two recurrent days per week. For punctual situations, ad hoc teleworking days, within an overall limit of 50% of staff's effective working time, are possible, separately or as a complement to recurrent days.

During and after the COVID pandemic, 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.

403-2 Hazard identification, risk assessment, and incident investigation

The Health and Safety Committee (hereafter referred to as the "HSC") is in charge of advising the Governor on ways of protecting the health and safety of persons on the CEB's premises, of analysing and improving working conditions and of ensuring that the relevant rules are complied with.

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 HSC may, when it deems it necessary and after the Governor has given his/her consent, consult any qualified person, whether within or outside the CEB. The members of the HSC may receive technical or legal training intended to enhance their ability to detect and assess risks in the workplace.

The role of the HSC is to:

- assess, at the request of the Governor or the Staff Committee, working conditions and compliance with the rules previously established in this area from the point of view of health and safety;
- analyse, at the request of the Governor or the Staff Committee, risks present in the workplace to which staff and other persons on the CEB's premises may be exposed;
- recommend any initiative which it deems appropriate to prevent risks in the workplace or any other accident and to propose preventive measures for this purpose;

- be consulted by the Governor on office space design and internal rules proposals which may significantly alter working conditions from the point of view of health and safety;
- be consulted on measures taken to adapt workstations for handicapped staff members;
- give an opinion on any matters within its scope, if required.

The Committee:

- carries out an annual general inspection of the CEB's premises;
- carries out inspections whenever it deems necessary;
- conducts an investigation whenever a serious accident occurs on the CEB's premises;
- produces an annual report on its activities and on health and safety at the CEB to be submitted to the Governor, to the Staff Committee and to the Committee for Operational Risks and Organisation (CORO).

403-3 Occupational health services

In 2022, the Bank provided its staff with new telemedicine services. Staff and their affiliated family members have access to general practitioners in several languages, by phone or video, to discuss any health and medical concerns. The 24/7 service is free of charge and unlimited. Staff may also use the online service for specialist second opinions.

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.

Staff members also have access to sports classes, hiking activities and singing workshops through the sports association, run by staff members. All these activities enable staff members to take care of their physical and mental wellbeing while providing a sense of belonging.

403-4 Worker participation, consultation, and communication on occupational health and safety

See 403-2 above.

According to Article 210 of the Staff Rules, the functions performed by staff members on the committees and boards dealing with staff matters are deemed to be part of the services they render to the Bank. Performing such functions shall not be prejudicial to them.

403-5 Worker training on occupational health and safety

403-6 Promotion of worker health

Staff members are provided with regular annual or bi-annual emergency aid training. These are offered to any volunteers.

Staff members working in Facility Management & Security as well as in IT also benefit from regular training in electric and security management to update their skills according to the host country's regulations.

In partnership with its medical insurance provider, the CEB launched a staff survey on "Health and Quality of Life at Work". The questionnaire covered 4 main areas: health, engagement, quality of life at work and vulnerabilities. 66% of staff responded. The results showed a very high engagement rate (90%) and good general health of staff (83%). 73% of responding staff are satisfied with their work-life balance. Based on the results, the CEB implemented action plans and

webinars were organised to tackled different topics such as work-life balance for parents and caregivers, mental load and power napping. 38% of staff participated in the webinars (51% women and 49% men).

Training can also be organised at the request of the Health and Safety Committee to its members or to all staff upon their request. For more on the promotion of worker health, see the Sustainability Report.

403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships

See 403-2 above.

403-8 Workers covered by an occupational health and safety management system

Please see 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 6 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 2022, the rate of short-term absenteeism stood at an average of 6.65 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.

	2019	2020	2021	2022
Accident frequency rate	1 accident x 200 000 / 206 staff x 37.5h x 50 weeks = 0.518	5 accidents x 200 000 / 209 staff x 37.5h x 50 weeks = 2.552	1 accident x 200 000 / 213 staff x 37.5h x 50 weeks = 0.500	8 accidents x 200 000 / 211 staff x 37.5h x 50 weeks = 4.04
Absenteeism rate	2 632 absent days/ (206 staff x 260 working days x 100%) = 4.9%	1 839 absent days/ (209 staff x 260 working days x 100%) = 3.3%	909 absent days/ (213 staff x 260 working days x 100%) = 1.6%	1 498 absent days/ (211 staff x 260 working days x 100%) = 2.7%
Long-term illness	4%	0.9%	1.5%	1.5%
Rate of occupational diseases	0%	0%	0%	0%

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. Staff training and development are part of good management practices and provide a basis for identifying needed skills, career development and mobility. In 2022, the CEB continued monitoring staff participation in training.

Total annual training budget in €

2019	2020	2021	2022
340 000	320 000	320 000	270 000*

*There was a temporary reduction in the training budget coming out of the pandemic, however this is back to €320 000 for 2023.

404-1 Average hours of training per year per employee

In 2022, on average, staff members spent 3.6 days in training, with 2.8 days for women and 4.1 days for men. At managerial and professional levels (grade A level), staff members spent on average 3 days in training (3 days for women and 3.2 days for men). The average was 3.4 days for support/technical level staff (grade B and C levels) (3.7 days for women and 2.5 days for men). All training is fully accessible for both part-time and full-time staff alike.

The CEB's online learning platform, Edflex, was launched in May 2022. Edflex is a customised catalogue of the best online learning resources, with content in both English and French. More than 100 courses are available on the platform with unlimited access to all staff members, including interns. The objective is to offer staff a large variety of courses, covering both technical skills and core (behavioural) competencies, which are increasingly important. The learning content is available in different formats with different durations (videos, articles, online courses, podcasts, books and also certifying playlists with these resources).

The platform currently counts 130 active learners and shows an overall training duration of 181 hours and 476 viewed resources since its launch.

404-2 Programs upgrading employee skills and transition assistance programmes

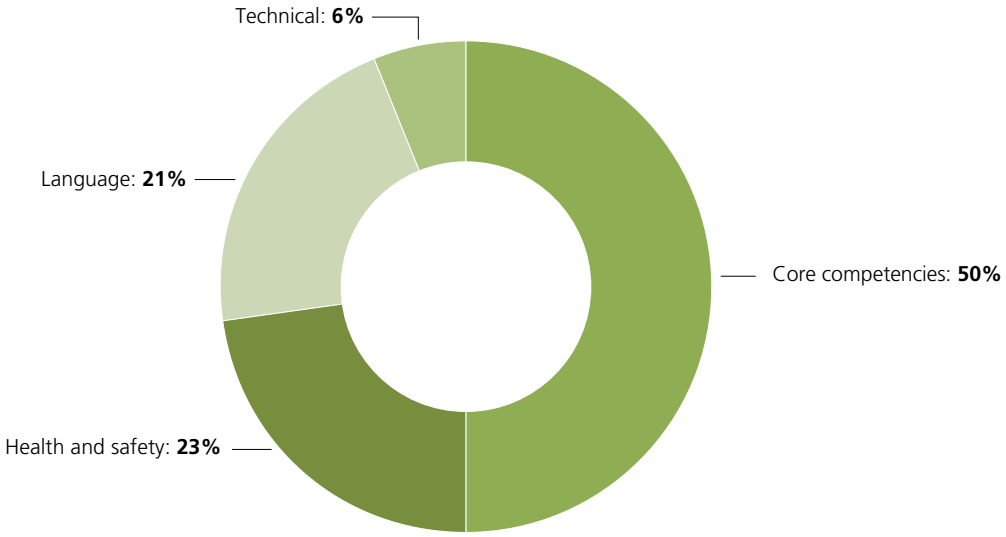
Constant changes in the outside environment impact each and every organisation: there is therefore a need for adjusted training and development to help the workforce remain competitive and respond quickly to these changes. The CEB has organised an increasing amount of in-house inter-disciplinary team training in technical and communication areas, thereby enhancing knowledge transfer and team cooperation.

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. The percentage of staff following one or more training courses:

- Total 77% (57% women and 43% men), out of which:
- Part-time 1% (only three staff were part time)
- Full-time 99%

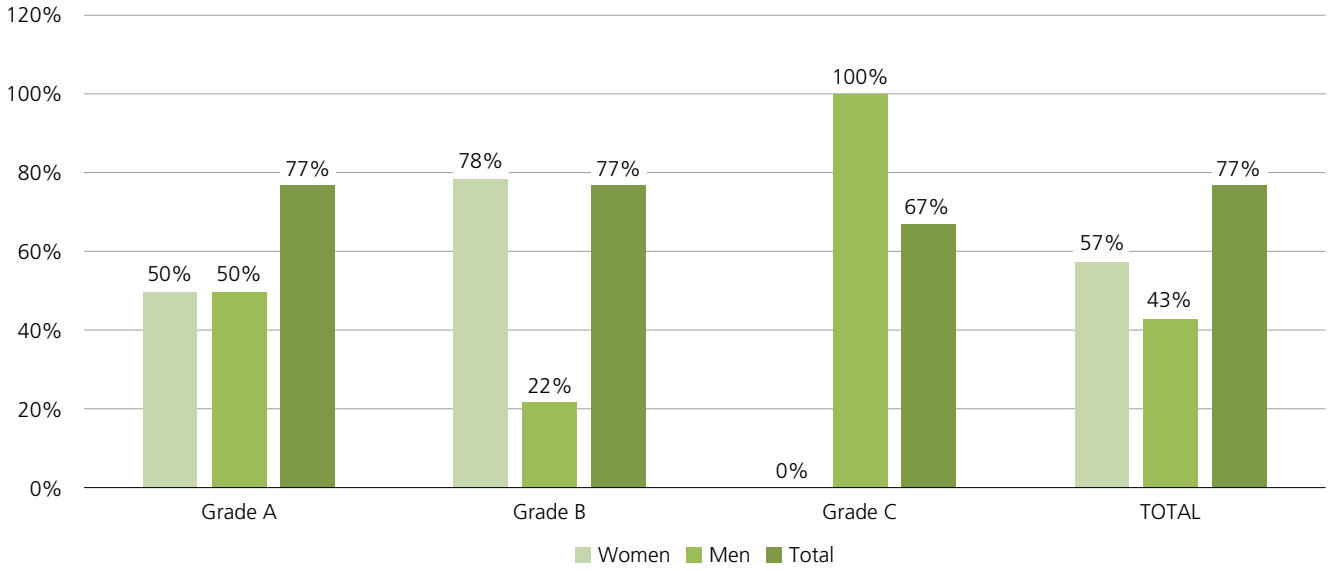
Staff members' training and development are fundamental to keeping the workforce engaged and ready to face future challenges.

Staff participation by type of training



Overall participation in training stood at 77% of all staff. A slightly higher percentage of women (57%) than men (43%) participated in training. For professional and managerial staff (A grade), 50% of participants were women and 50% men. For support functions (B & C grades), 77% of participants were women and 23% men, which is in line with gender representation at these levels.

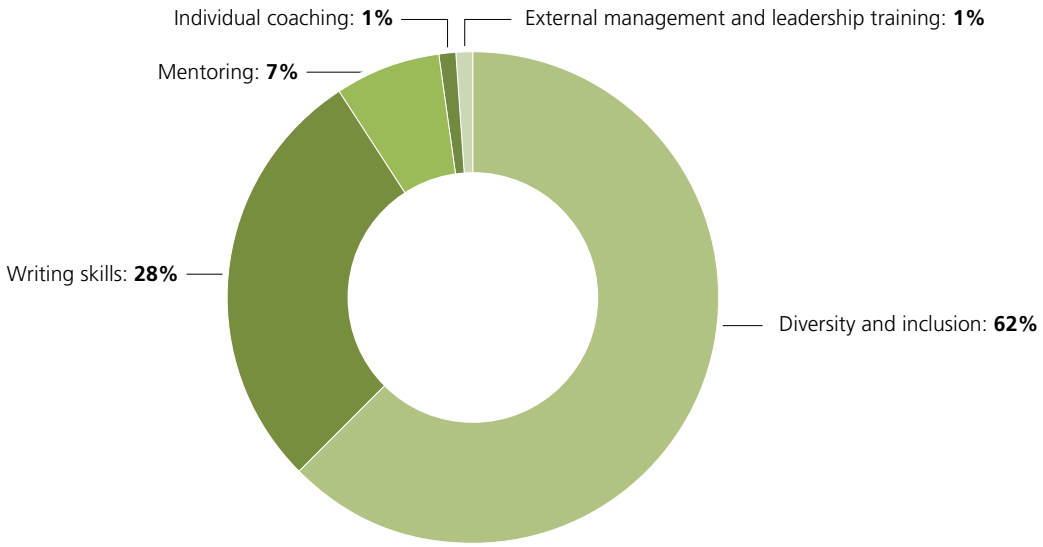
Staff participation in training by grade and by gender



Several diversity and inclusion events were organised throughout 2022, including but not limited to workshops and seminars with external speakers and more than half of the participation (62%) occurred in this category of the core competency training. This shows not only the Bank's commitment to promote diversity and inclusion but also a great engagement of staff with the topic. Overall, 28% of the staff participating in core competency training undertook writing skills training.

Individual coaching was provided to three staff (all women).

Staff participation in core competency training



The CEB also offers its staff the opportunity to follow speciality certification programmes enabling them to reinforce their knowledge or acquire life-long education certificates.

Since 2019, the CEB has sent a total of 11 participants to the OECD *Emerging Leaders Programme*, organised in partnership with Wharton School of the University of Pennsylvania, to provide both men and women with the opportunity to develop their management and leadership skills (in 2022, one woman, one man). In 2022, one woman also participated in the *Global Management Academy* organised by a peer institution with the Wharton School, providing an opportunity to enhance people management. For both training tracks, participants were invited after roundtable discussions with directors and the assessment of different criteria such as their current and potential level of responsibility, job tenure, nationality, age, and gender.

Whilst not accounted for in the training data, a home office ergonomics workshop dedicated to new joiners is offered (with individual sessions held upon request). This was part of the CEB's health and safety programme for working from home.

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 and Staff Rules 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.

1. **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.

2. **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.

The Bank's workforce is made up of 211 staff members (54% women and 46% men). Of the 211 staff members, 151 are professional staff including management (47% women and 53% men) and 60 are support staff (72% women and 28% men).

At 31 December 2022, 33 of the CEB's 42 member countries were represented among the 211 staff members, 34 when adding the 4 elected officials. In terms of gender, as at 31 December 2022, the CEB had five women (45%) on its General Management team or six women (40%) when including elected officials.

Geographical breakdown per employee/staff nationality

Staff nationality	Women	Men	Total	Share in workforce
Albania	1	1	2	0.9%
Belgium	4	5	9	4.3%
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	32	35	67	31.8%
Georgia	1	–	1	0.5%
Germany	4	11	15	7.1%
Greece	3	4	7	3.3%
Hungary	1	2	3	1.4%
Ireland	4	4	8	3.8%
Italy	15	11	26	12.3%
Kosovo	1	–	1	0.5%
Latvia	2	–	2	0.9%
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	9	1	10	4.7%
Serbia	5	1	6	2.8%
Slovak Republic	3	1	4	1.9%
Spain	5	5	10	4.7%
Sweden	2	2	4	1.9%
Switzerland	1	–	1	0.5%
Türkiye	6	–	6	2.8%
TOTAL	**114**	**97**	**211**	**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.

Governing Board composition including the Chairperson, as at 20 December 2022

Gender		Professional background			
Men	Women	Ambassador/ Permanent Representative to the Council of Europe	Special envoy (Holy See)	Consul General	Ministry of Finance
30	**13**	**40**	**1**	**1**	**1**

Pending nominations: 0

Administrative Council composition including the Chairperson, as at 20 December 2022

Gender		Professional background			
Men	Women	Ministry of Finance	Ministry of Foreign Affairs	Ministry of Economy	Other
28	**14**	**28**	**4**	**5**	**5**

Pending nominations: 1

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

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

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

		Management*	Professional**	Support***	Total
Average	Women	14 925	9 102	5 904	8 202
	Men	15 313	9 605	5 517	9 889
Median	Women	15 304	9 023	6 045	7 663
	Men	15 461	9 513	5 545	9 513

* 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 and Staff Rules establish the principle of non-discrimination and prohibits 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 CEB is fully committed to respecting diversity, and has zero tolerance to any kind of discrimination, as stated in the CEB Code of Conduct. More explicitly, the CEB Code of Conduct applicable to the Governor, Vice- Governors, staff members and contractual collaborators prohibits any form of discrimination based on gender, origin, colour, ethnic or social origin, political, philosophical or religious convictions, membership of any national minority, property, birth, disability, age or sexual orientation, nationality or lifestyle choices. Any act of discrimination constitutes the breach of the Code of Conduct and is subject to disciplinary measures by the Governor. Furthermore, the CEB has an internal rule on protection of dignity at work, aimed at enhancing a speak-up culture and fostering a respectful working environment.

Article 2 of the Staff Regulations states that: *"The Bank shall at all times act with fairness and due care in its relations with staff members. In particular, the Bank shall guarantee staff members' rights to:*

- *the protection of human dignity at work, including the right to a workplace free from harassment;*
- *equal treatment without discrimination;*
- *respect for their private life, including their right to protection of personal data;*
- *freedom of association and assembly, including the right to strike;*
- *an effective remedy and a fair trial;*
- *be free from retaliation for filing a claim or grievance or reporting wrongdoing;*
- *a safe and healthy working environment.*

Staff members may seek the assistance of the Bank to protect their interests where these interests have been harmed by actions directed against them by reason of their being staff members. The Governor decides on the type and extent of any assistance the Bank may provide."

406-1 Incidents of discrimination and corrective actions taken

No incident of discrimination filed.