GRI Report

2023

CEB

COUNCIL OF EUROPE DEVELOPMENT BANK

BANQUE DE DEVELOPPEMENT DU CONSEIL DE L'EUROPE

GRI Report 2023

The GRI Report 2023 has been prepared on the basis of the internationally recognised standard for sustainability reporting, namely the Global Reporting Initiative (GRI), and in accordance with the GRI Standards 2021.

It provides stakeholders, including environmental, social and governance (ESG) rating agencies and socially responsible investors, with a comprehensive overview of the Council of Europe Development Bank's (CEB's) approach to environmental, social and governance issues. Therefore, this report does not only present the topics that are most material to the CEB, but provides insights into a wider range of issues. Topics that have been identified as material to the Bank are marked with "material topic" (see also GRI 3). It should be read in conjunction with the Bank's annual Sustainability Report.

This 2023 edition of the GRI Report is now also reporting on new items such as Freedom of Association and Collective Bargaining, Supplier Social Assessment, and Customer Privacy.

About the CEB

The Council of Europe Development Bank (CEB) is a multilateral development bank with an exclusively social mandate from its 43 member states. 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 a triple-A 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 was originally established as a resettlement fund in 1956 by eight of the 15 member states that made up the Council of Europe at the time. The CEB is Europe's oldest multilateral development bank and is a legally and financially separate entity from the Council of Europeas 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 1 January 2023 to 31 December 2023.
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 43 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 43 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 23 "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, Türkiye and Ukraine.

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 2023.

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 & ESG Reporting Division (info@coebank.org)

2-4 Restatements of information

SFor Item 403-10, work-related ill health, the report now discloses a 'short-term absenteeism' rate and provides clear guidance on what is included in it. Based on this, figures were adjusted and the former reporting on 'absenteeism rate' was discontinued. Compared to the previous 'absenteeism rate' the new 'short term absenteeism rate' no longer takes into account parental leave, which is reported on under Item 401-3. Sick children leave is also not included in the short-term absenteeism rate. When reworking the disclosures, two errors on 'long-term illness' for 2019 (from 4% down to 0.9%) and 2020 (from 0.9% to 1.3%) also have been corrected.

For Item 300 (corporate), the greenhouse gases (GHG) reporting standard has been switched to the internationally recognised GHG Protocol, from the previously used BEGES[1] widely applied in France. In order to allow for comparability, the 2023 figures using both the GHG Protocol and BEGES are displayed in the table of the Item 305-5.

The quantified impact of the changes in methodologies and scope between 2022 (BEGES) and 2023 (GHG Protocol) is detailed below:

in tCO2e TOTAL	2022 BEGES 500.93	2023 BEGES 633.48	2023 GHG P. 603.87	Variations
1. Changes in methodologies				
1.1 BEGES -> GHG Protocol in 2023		41.29	11.68	-29.61
1.11 IT equipment at constant scope				
1.111 Screens		24.49	6.64	-17.85
1.112 Laptops		13.12	4.37	-8.75
1.12 New IT equipment in 2023				
1.121 Smartphones		2.53	0.35	-2.18
1.122 Tablets		1.15	0.32	-0.83
1.2 Working from home (2022 number of employees)	2.86		1.29	-1.57
TOTAL (1.1+1.2)				-31.18
2. Changes in scope				
2.1 Annex building (4th floor rented)			5.73	5.73
2.12 Heating			5.63	5.63
2.13 Cooling			0.02	0.02
2.14 Elevators (electricity)			0.01	0.01
2.15 Other shared services (electricity)			0.04	0.04
2.16 Waste water			0.04	0.04
2.2 Data centres (ext. electricity)			9.63	9.63
2.3 Smartphones			0.35	0.35
2.4 Tablets			0.32	0.32
2.5 Office furniture (desks and chairs)			49.12	49.12
2.6 Elevators (electricity)			0.25	0.25
2.7 Other shared services (electricity)			0.89	0.89
TOTAL (2.1 à 2.7)			66.29	66.29
3. Increases in activity between 2022 and 2023 (excluding 1. and 2.)				
TOTAL			67.83	67.83

2-5 External assurance

Currently, the CEB sustainability reporting is not subject to external assurance.

1. French acronym for Bilan des émissions de gaz à effet de serre (previously ADEME's Bilan Carbone ©).

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 43 member states to finance projects meeting a certain number of criteria, or any other legal entity approved by a CEB member state such as non-profit organisations. 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 sectoral 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 2023, the Bank approved 48 project loans in 25 countries for a total amount of €4.1 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. With the Strategic Framework introduced in 2023, the CEB's sectors were slightly adjusted and now comprise of:

- Health and social care
- Education and vocational training
- Administrative and judicial infrastructure
- Protection and rehabilitation of the historic and cultural heritage
- Social and affordable housing
- Urban, rural and regional development
- Natural or ecological disasters
- MSME (micro, small and medium-sized enterprise) financing
- Microfinance

Breakdown by sector: Total loans outstanding in € thousands

Sector	Amount	Percentage
Health and social care	4 428 060	20.6%
Urban, rural and regional development	3 511 668	16.3%
Education and vocational training	2 769 346	12.9%
MSME financing	2 654 566	12.3%
Protection of the environment	2 527 595	11.7%
Social and affordable housing	2 330 668	10.8%
Natural or ecological disasters	1 360 262	6.3%
Aid to refugees, migrants, displaced persons and other vulnerable groups	1 056 730	4.9%
Cross sectorial loans	729 939	3.4%
Administrative and judicial infrastructure	105 841	0.5%
Protection and rehabilitation of the historic and cultural heritage	54 960	0.3%
TOTAL	**21 529 634**	**100%**

Note that while the CEB's Strategic Framework 2023-2027 with its adjusted sectors is in place since 2023, the portfolio breakdown includes a few legacy sectors such as "Aid to refugees, migrants, displaced persons".

Breakdown by sector: Projects approved in 2023 in € thousands

Sector	Amount	Percentage
Multisector*	1 131 700	27.6%
MSME Financing	580 000	14.1%
Urban, rural and regional development	568 000	13.8%
Education and vocational training	529 200	12.9%
Health and social care	481 120	11.7%
Natural or ecological disasters	250 000	6.1%
Social and affordable housing	234 000	5.7%
Microfinance	220 000	5.4%
Protection of the environment	112 000	2.7%
TOTAL	**4 106 020**	**100%**

* Multisector includes loans that finance several projects in different or overlapping sectors.

For more details, see:

- the Loan and Project Financing Policy
- 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, information technology (IT) services, and cleaning and security services on the organisation's premises. For more on the procurement of these supplies, works and services, and also the projects financed by the CEB, see Item 204.

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 43 member states and, at year-end 2023, the number of borrowers amounted to 230. 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 2023, the CEB's workforce was made up of 216 regular staff members plus 12 temporary staff (57% women/43% men) representing 32 different nationalities. Of the regular staff members, 72% were professional staff including senior management (49% women/51% men) and 28% were support staff (75% women/25% men). Out of the 216 regular staff members, 157 were on indefinite-term contracts and 59 on fixed-term contracts. Four were working part time (100% women), and 212 were full-time (56% women/44% 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	2019	2020	2021	2022	2023
Total number of regular staff	206	209	213	211	216
of which, fixed term*	11	60	58	56	59
of which, part-time	10	8	5	3	4
Temporary**	3	7	9	16	12
Supervised (interim) workers	13	8	0	2	1

* On post or position and specified in the budget approved by Administrative Council (AC).
**Meeting short-term needs, for example replacement for long-term leave.

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 well as trainees. As at 31 December 2023, with no significant change over the time period, the full-time equivalent (FTE) provided through service contracts stood at about:

Category	2021	2022	2023
IT	20	25	26
Security	6	6	6
Facilities	5	5	5
Trainees	1	5	8

Note that in the future, the scope of this disclosure will be widened to take into account consultants working on the CEB's core business.

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 organ", competent for all matters not delegated to the Administrative Council;
2. the **Administrative Council**, which, among 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 43 member states. As at 9 January 2024, the Chairperson of the Governing Board is Mr Harry Alex Rusz; the Chairperson of the Administrative Council is Ms Wioletta Barwicka-Lofthouse. 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 secretariat for the CEB's governing, administrative and control organs is provided by the Secretariat of the Partial Agreement of the Council of Europe Development Bank.

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 2023, 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 43 member states. Typically, members of the Governing Board are Ambassadors at the Council of Europe, or other foreign ministry officials, and members of the Administrative Council are sent by the Ministries of Finance or Economy. See GRI 405-1 on diversity of governance bodies.

2-11 Chair of the highest governance body

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

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

2-12-a Role in policies and goals related to sustainable development: The Governing Board, which, pursuant to the

CEB's Articles of Agreement, is the Bank's "supreme body", is competent, notably, to set out the general orientations for the CEB's activity, and to approve the annual report and financial statements.

Among the powers delegated to it by the Governing Board, the Administrative Council establishes and supervises operational policies and approves lending operations in favour of projects, 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 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. Since then, the CEB's services have kept 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 (MDB) 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 AC, 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 environmental and social safeguards (ESS) 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. For more on climate risk and its management, see the CEB's annual Task Force on Climate-related Financial Disclosures (TCFD) Report.

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 ongoing 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. For more, see the CEB's latest Risk Management Disclosure Report, including Climate Risk that the CEB views not as a stand-alone risk category, but as an intersecting risk with the potential to impact each of the risk categories.

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 Sustainable Development Goals (SDGs). For all the 48 projects approved in 2023 totalling €4.1 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 and website).

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.

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 an 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.

In addition to these internal committees, the Bank has established a dedicated cross-directorate structure first, to develop the CEB's Paris alignment framework, which was endorsed in November 2021, and then, to oversee its implementation according to a phased roadmap. This structure is three-tiered with thematic task forces, a cross-cutting working group and a steering committee.

These cross-directorate groups have proposed the first climate risk related methodologies at both project and counterparty level. Since 2023, the CEB has also published a report according to the standards set by the TCFD.

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 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[2] of the CEB's operations with a predefined use of proceeds for investment with a known geographical location. These notes have been in use since Q4 2022. In 2023, an update to the consolidated guidance note for the *assessment of the alignment with the mitigation and adaptation goals of the Paris Agreement for the Bank's lending operations* was approved: these guidelines will ensure that all operations financed by the Bank as from 2024 are assessed for alignment with the objectives 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 co-ordination between directorates through a network of ESG Correspondents. The list of the directorates and offices that have specific responsibilities with regard to sustainability – in alphabetical order – follows.

- *Compliance,* working on integrity, transparency and accountability in all the CEB's projects, treasury operations and banking activities, including anti-money laundering, counterterrorist financing, anti-fraud, anti-corruption, anti-bribery, whistleblowing and investigations, as well as personal data protection and IT systems security.
- *Corporate Services,* working on human resources, e.g. gender equality and well-being, and issues related to facility management, e.g. office energy consumption and waste management.

2 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.

- *Evaluation,* working on independent evaluations of CEB-financed projects to assess their social performance and derive lessons learned 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 co-operation with sector and thematic experts in Technical Assessment & Monitoring.
- *Risk & Control,* addressing risks touching upon the Bank's own internal operations and 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 co-ordinate 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 reports 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 all investments with the temperature and resilience goals of 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 all operations financed by the Bank, and the assessment of the physical climate risks of the CEB's operations. Other activities by the working group and the Steering Committee included advancing on the development of an approach for scoring climate-related risks of local and regional government counterparties in order to inform future credit risk considerations and concluding a first Bank-wide climate risk mapping exercise.

For more on CEB's climate risk management, see the latest TCFD Report.

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" (usually March) of the Governing Board and the Administrative Council, as is the case for other annual reports such as the Report of the Governor (i.e. activity 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.

The CEB's TCFD Report is put forward to the meeting of the Administrative Council that is usually held in June.

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, has direct access to the Auditing Board and other Collegial Organs, and reports on all complaints and ongoing investigations that may have a critical financial or non-financial – reputational – concern for the Bank.

2-16-b Total number and the nature of critical concerns communicated: No critical concerns were communicated to the highest governance bodies in 2023.

2-17 Collective knowledge of the highest governance body

In 2023, the Administrative Council and Governing Board were each briefed once specifically on the implementation of the Paris alignment roadmap. Regular seminars are organised for the Administrative Council to present and discuss technical subjects and/or topics of particular interest, including in 2023, Social Inclusion Bonds, the CEB's updated key performance indicators (KPIs) and the strengthened focus on 'vulnerability' for its projects.

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, 43 members, i.e. one representative appointed by each of the Bank's member states. Governing Board members are representatives of democratically elected governments and 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[3] 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 staff member whose performance is considered successful is entitled to a bonus equal to a percentage of their basic salary. The percentage is the same for all staff. Additional bonuses can be granted to take into account high levels of performance.

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 January 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 1 January 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 1 January 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 x number of annuities for staff members recruited before 1 January 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 x rate of contribution as applied to last annual salary x number of reckonable years of service credited for staff members recruited on or after 1 January 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.

3 Note that as from 2024, there is no compensation for the Chair of the Governing Board anymore.

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, 2023: 2.12.

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 , 2023: 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 Strategic Framework 2023-2027, approved by the Governing Board.

2-23 Policy commitments

2-23-a Policy commitments for responsible business conduct

- Authoritative intergovernmental instruments to which the Bank's commitments refer: 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."*

Environmental and Social Safeguards (ESS) in the project cycle

CEB projects strive to pursue long-term social and environmental benefits. However, some operations may also generate and/or face environmental and social risks. Recognising this, the Bank has put in place systems to identify such risks at the project level and engage with its borrowers to minimise and mitigate them, thereby enhancing the sustainability of the operations it finances.

The Environmental and Social Safeguards Policy (ESSP), which includes the need to take into account climate-related risk at project level, is applicable to all projects financed by the CEB. It is complemented by two environmental and social safeguards standards included in the CEB Handbook for the Preparation and Implementation of Projects (Chapters 6.2 and 6.3).

Through its environmental and social safeguards assessment and monitoring processes, the CEB seeks to ascertain that the projects it finances are designed and implemented in such a way as to:

- comply with appropriate social and environmental standards;
- minimise adverse environmental and social impacts;
- maximise social and environmental benefits, with a special focus on vulnerable groups.

While borrowers bear the ultimate responsibility for managing both the environmental aspects, including climate-related elements, and the social aspects of CEB-financed projects, the CEB's Directorate for Technical Assessment and Monitoring (TAM) is responsible for screening, assessing and monitoring the social and environmental risks and impacts of all projects financed by the Bank throughout the project cycle, and of the actions that the Bank's clients undertake to manage those risks and address impacts. In 2023, the CEB undertook preliminary screening at the pre-appraisal stage of all project proposals submitted to the Bank; all 48 operations approved throughout the year were categorised in accordance with their project-related environmental and social risks, in line with the ESSP and associated standards and procedures.

The CEB is mandated to invest in projects that boost social inclusion and integration, while also supporting environmental sustainability and resilience. Hence, social impact is a key aspect that the CEB's services take into consideration and endeavour to enhance during appraisal, with social benefits clearly identified and substantiated for each project. TAM reviews all operations to ascertain that they will indeed generate the expected social outcomes. In addition, the CEB actively seeks out opportunities for further developing climate and non-climate-related environmental benefits

associated with its projects. It does so by identifying such opportunities early in the project cycle and by supporting borrowers to undertake environmental sustainability actions wherever appropriate and feasible. The environmentally positive impacts of the projects are identified at appraisal and, if possible and feasible, are then quantified and tracked. 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 local roads (see Item 2-23-e).

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

- Internationally recognised human rights that the commitment covers
- Categories of stakeholders the organisation 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.

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 among eight 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 be only amended by the Committee of Ministers of the Council of Europe).

- 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'), as per the Loan and Project Financing Policy. 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."*

More specifically, 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; 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)[4];
- Real Estate Activities (NACE L68)[5];
- 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[6] shall also be excluded.

2-24 Embedding policy commitments

The updated set of CEB's KPIs has been developed to better align KPIs with CEB's strategic orientations set in its Strategic Framework 2023-2027 and to also ensure its alignment with MDB standards, considering the Bank's unique social mandate, business model and size.

The new framework comprises 17 KPIs (11 new KPIs and retaining six from the former framework), bringing the assessment of operational performance (CEB's activities and project quality) and operational/corporate performance (efficiency and productivity of the organisation) in line with the Bank's orientations and strategic commitments.

Furthermore, additional thematic dimensions of the Strategic Framework 2023-2027 are being captured, such as gender, in line with the CEB's commitment to achieving a more gender-balanced workplace, and climate aspects, as well as the introduction of the CEB's 'vulnerability lens' enabling the CEB to track and showcase its operational focus on serving vulnerable people and communities.

Please see also 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.

4. This does not concern CEB's own intermediary financial institutions.
5. 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.
6. 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 fibres, pharmaceuticals, pesticides/herbicides, ozone-depleting substances, polychlorinated biphenyls (PCBs), wildlife or products regulated under the Convention on International Trade in Endangered Species (CITES).

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* an Integrity and 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. Reporting on the compliance framework is done annually via the CEB's public Integrity and Compliance Report.

The Office of the Chief Compliance Officer (OCCO) identifies compliance risk; assesses compliance risk; advises the Governor and project appraisal, finance and risk, and pre-board level 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, and advises staff and gives guidance on conflicts of interest, prevention of insider trading, protection of confidential information, personal data protection and 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 co-ordinates 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.

In 2023 OCCO consulted with other CEB services to develop an internal complaint-handling procedure to address citizen-driven complaints related to CEB-financed projects. This procedure, which is expected to be adopted in 2024, is grounded in the need for a formalised, predictable response, reflecting the CEB's commitment to the UN SDGs and the 'do no harm' principle. In addition, OCCO has been accepted as an observer in the peer group International Accountability Mechanism Network.

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.

Complaints related to tenders for projects financed by the CEB are dealt with by the borrower's remedy system. The new guidelines approved in September 2023 introduce a possibility of CEB looking into complaints related to CEB's work in the review or monitoring of project-related procurement. This procurement complaints' committee is chaired by the CCO.

Complaints related to the CEB procurement for its own account (corporate procurement) and complaints related to projects are dealt with by a procurement complaints' committee, chaired by the CCO.

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

5) Grant-related complaints: the complaint-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 2023: 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
2023	5	1	4	No disciplinary procedures were initiated. Four complaints were inadmissible as they were not in scope of the complaints handling procedure. One complaint is admissible, and is being examined.
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 MDB group. In 2018, the CEB

obtained permanent observer status to the UN Framework Convention on Climate Change (UNFCCC) and joined the initiative for Harmonized Indicators for Private Sector Operations (HIPSO). As a founding member of the ICMA Social Bond Working Group, the CEB helped develop the Social Bond Principles and regularly contributes to its sub-working groups.

At the 28th Conference of the Parties (COP28), the CEB, together with its peer multilateral development banks, was a signatory to a joint statement presenting concrete and urgent actions to scale up finance and enhance climate outcomes measurement, strengthen country-level collaboration, and increase co-financing and private sector engagement.

In 2022, the CEB joined the multilateral development institutions' working group on corporate responsibility and is since participating in the group's 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 and sustainability reporting.

In 2023, the CEB took part in the fourth edition of the Finance in Common Summit (FiCS). The Bank co-leads the FiCS Coalition for Social Investment, which it launched in 2020 jointly with the Agence Française de Développement, and joined the FiCS Coalition on Resilient Cities and Regions in 2022.

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 co-operates with other international financial institutions (IFIs), and with several United Nations specialised agencies (in 2017, the CEB and UN Development Programme agreed to extend their co-operation for another five years, aiming to scale up their support for achieving the UN 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.[7] 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, small and medium-sized enterprises (SMEs) and social investments and skills. The Bank is also a member of the European Association of Long-term Investors (ELTI).

STAKEHOLDER ENGAGEMENT

2-29 Approach to stakeholder engagement

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

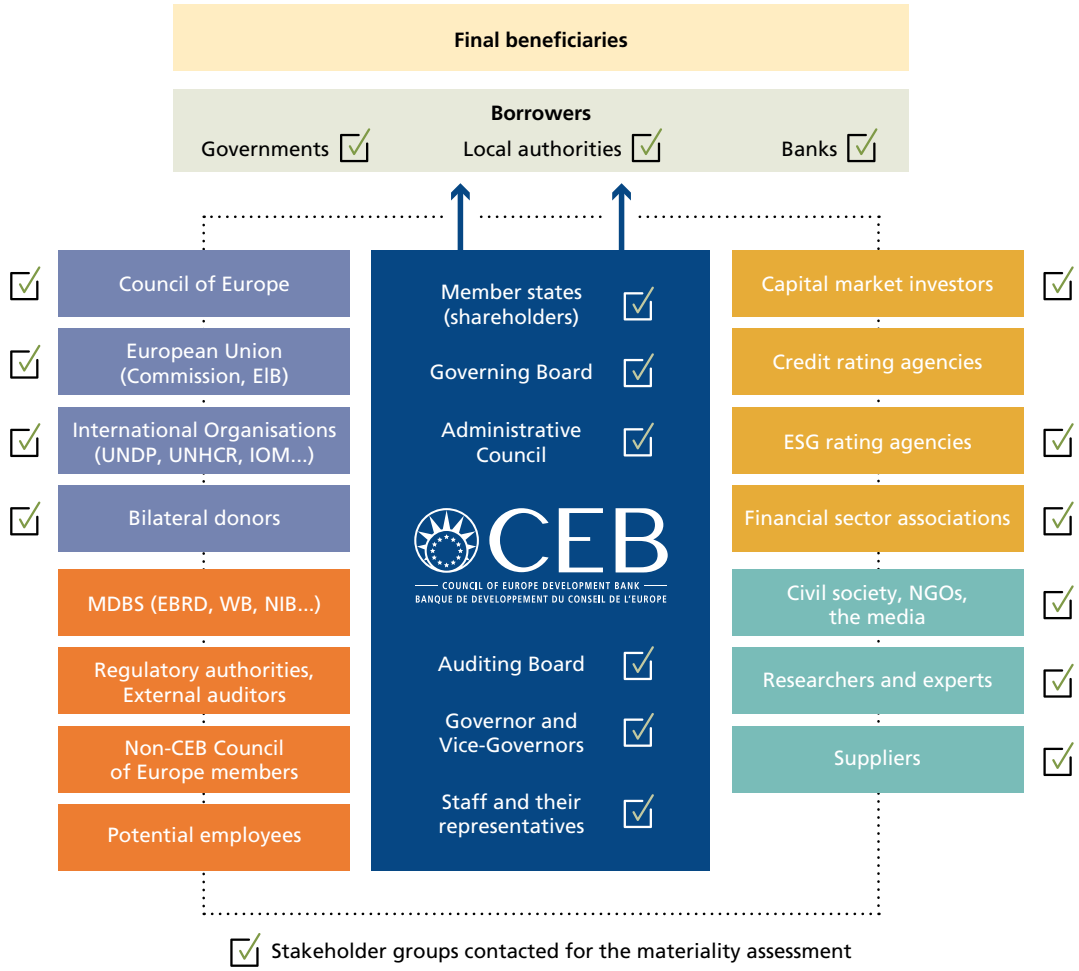
Categories of stakeholders engaged, and their identification: In 2019, the CEB actively engaged with a large number of its stakeholders, both internal and external, to better understand their expectations towards the Bank, especially regarding numerous specific sustainability topics. This approach is often referred to as a materiality assessment. The

7. 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.

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).

In the end of 2023, the CEB started the preparatory process to perform a new materiality assessment in 2024 and the extensive stakeholder engagement that is linked to this exercise.

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. The CEB is committed to disclosing on sustainability-related topics in line with stakeholder expectations.

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. It may also defend the general interests of retired staff members and other beneficiaries of the Pension Scheme. The committee participates in the management and supervision of social welfare bodies set up by the CEB in the interests of its staff. It may, with the consent of the Governor, set up such welfare services. The Staff Committee is consulted on any draft provision for the implementation of the Staff Regulations and on any other measure of a general kind concerning the staff.

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 co-operation 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.

As done regularly, in 2023 staff were called to volunteer to become staff representatives on the Health and Safety Committee (see Item 403), the Disciplinary Board and the Conciliation Board (see Staff Regulations).

GRI 3: Material Topics

DISCLOSURES ON MATERIAL TOPICS

The starting point for defining the Bank's material sustainability topics is to assess its impacts inwards – how the CEB could be affected by sustainability issues, including from a financial perspective – and its impacts outwards – how the Bank impacts society, the environment and ultimately people's lives, both constituting the CEB's approach to 'double materiality'.

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 were 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 Corporate Social Responsibility Report and on the CEB's website. Currently, the CEB is in the process of performing a new materiality assessment, to be finalised over the course of 2024, taking into account the regulatory developments in 2023 at both EU (i.e. CSRD/ESRS) and global (i.e. ISSB/IFRS S1 and S2) level.

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[8], as set forth in the Development Plan 2020-2022 drafted at the time 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

* Since 2023 replaced by the Strategic Framework 2023-2027.

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, development & retention
- Working conditions

Governance & Ethics:

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

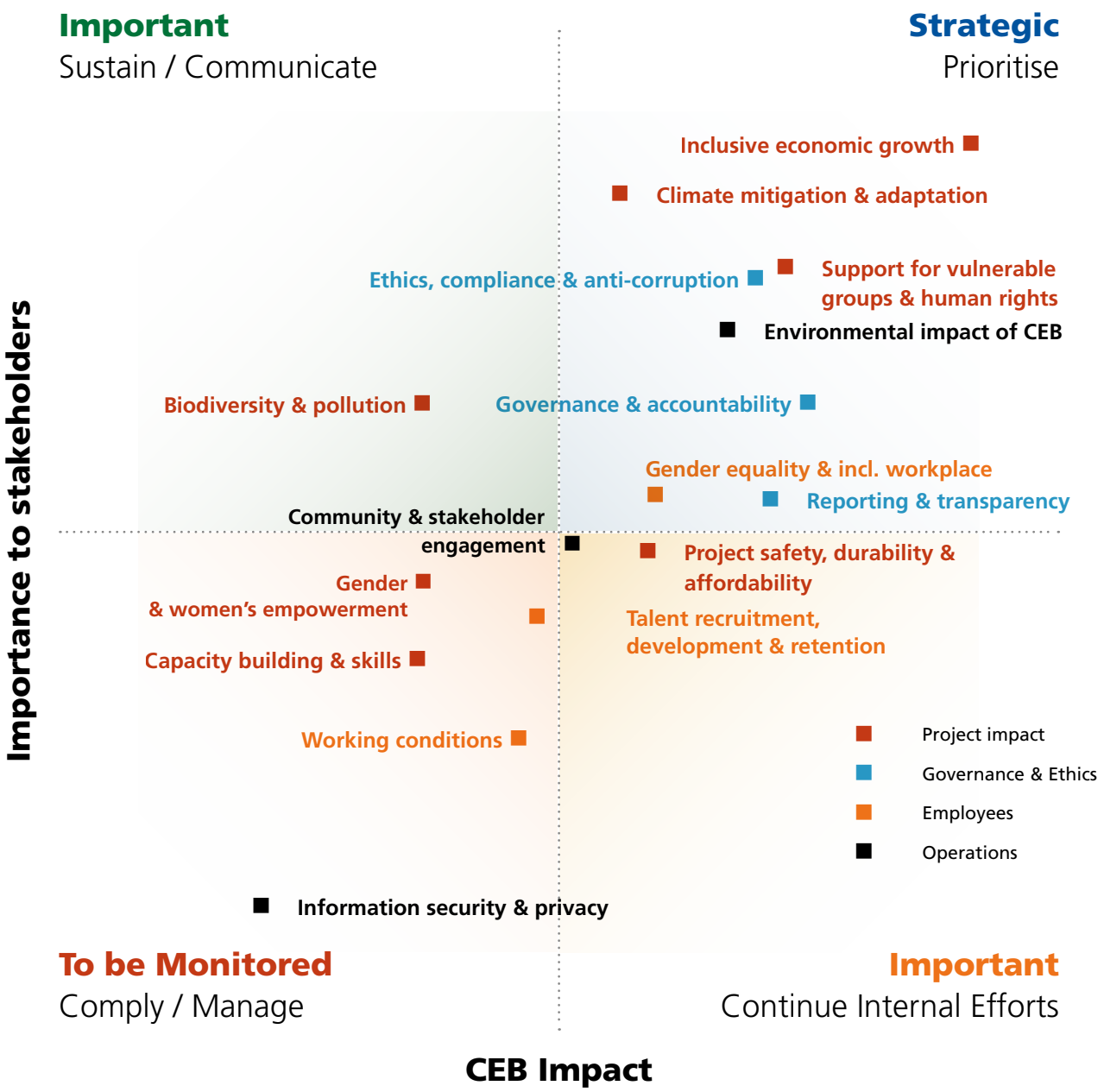
Project Impact:

- 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

8. Note that in 2023, the Bank's new Strategic Framework 2023-2027 took effect and the three lines of action were adjusted.

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



In the light of the materiality assessment performed in 2019, the Bank identifies the following GRI items as material:

Operational impact	Corporate impact
203 Indirect Economic Impact	302 Energy
205 Anticorruption	305 Emissions
304 Biodiversity	405 Diversity and Equal Opportunity
305 Emissions	
412 Human Rights Assessment	
413 Local Communities	

In addition to these material items, the CEB also reports on:

Operational impact	Corporate impact
201 Economic Performance	201 Economic Performance
202 Market Presence	301 Materials
204 Procurement Practices	303 Water and Effluents
206 Anti-Competitive Behavior	306 Waste
207 Tax	308 Supplier Environmental Assessment
415 Public Policy	401 Employment
	402 Labour/Management Relations
	403 Occupational Health and Safety
	404 Training and Education
	406 Non-Discrimination
	407 Freedom of Association and Collective Bargaining
	414 Supplier Social Assessment
	418 Customer Privacy

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.

At strategic level, the CEB's new Strategic Framework 2023-2027, approved by the Governing Board, sets the vision for the Bank's operations over the next five years and is intrinsically linked to social and environmental sustainability. The CEB's activity will be articulated across three updated Lines of Action:

- investing in people and enhancing human capital;
- promoting inclusive and resilient living environments;
- supporting jobs and economic and financial inclusion.

Based on these Lines of Action, the CEB has also identified six 'focus sectors' (see Item 2-6-b).

The Paris alignment framework, and accompanying roadmap, defines the Bank's climate approach.

At operational level, the CEB is strongly committed to fostering social and environmental sustainability both in its project financing (see the Environmental and Social Safeguards Policy) and in its internal operations (see the CEB Environmental Statement). The Public Information Policy describes the way the CEB discloses information by seeking to facilitate the widest possible access.

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 43 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/Aaa outlook stable with Standard & Poor's, Moody's[9], and Fitch Ratings[10]), with Scope Ratings (unsolicited), 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 2023 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 is underscored by the Strategic Framework 2023-2027, which identifies "climate action" as a cross-cutting theme that "guide[s] the way in which CEB [financing] activities in all sectors are designed and implemented." 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 updated its methodologies for assessing climate change risks at various levels, notably in its lending operations.

As of 2023, the CEB has ascertained the alignment between the activities it finances and the goals and principles of the Paris Agreement, in line with its Paris alignment roadmap (all 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.

9. On 10 March 2023, Moody's upgraded the CEB from Aa1 rating under review for upgrade to Aaa outlook 'stable'.
10. On 18 July 2023, Fitch Ratings upgraded the CEB from AA+ outlook 'positive' to AAA outlook 'stable'.

The CEB has also completed its first comprehensive mapping exercise to identify and assess climate-related risks and opportunities that could have financial implications for the Bank. All relevant departments work collaboratively on this mapping exercise, with the overall goal to identify such risks and opportunities in a systemic manner. For more, see the Bank's TCFD Report.

201-4 Financial assistance received from government

The CEB is owned by its 43 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 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, which is currently being subscribed. The capital increase subscription period has been extended from 31 December 2023 to 31 December 2024 to allow for some more flexibility for the member states to subscribe to the capital increase. The capital increase will become effective at the end of month of which 67% of the subscription has been received.

MARKET PRESENCE – GRI 202

3-3 Management of material topics

As an international organisation with 43 member countries 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 2023, 32 of the CEB's 43 member countries were represented among the 216 regular staff members. Of the 13 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, two from Italy, and one each from Belgium, Bosnia and Herzegovina, the Czech Republic, Greece, Ireland, Romania, Spain, Sweden, and Türkiye.

INDIRECT ECONOMIC IMPACT – GRI 203

-material topic-

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 Item 2-6-b. For a list of all projects approved in 2023 (and in previous years), see the website "Projects approved by the Administrative Council".

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 partly 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 interlinkages are a recurring element in the majority of projects financed by the CEB.

PROCUREMENT PRACTICES – GRI 204

3-3 Management of material topics

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 for the Procurement of Goods, Services and Works for the CEB's own account which were updated in September 2023. The related Internal Procurement Procedures are being updated in February 2024.

It is the CEB's policy that its Procurement Guidelines and procedures follow the principles of:

- equal treatment
- non-discrimination
- proportionality
- 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:

- ensure that effective international competition among qualified tenderers and by a transparent selection based on cost and quality considerations adheres to the highest level of ethical standards, ensuring the fair and equal treatment of tenderers and suppliers to the CEB;
- to the extent possible, incorporates green and socially responsible aspects into procurement decisions at various stages of the procurement process, including planning, definition of requirements, evaluation and contract management;
- is handled by suppliers that have signed the CEB's Code of Conduct.

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 Procurement Guidelines, which were updated in September 2023, 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. The Guidelines also establish that CEB will aim to promote sustainable public procurement practices together with the Borrower/Grant Beneficiary, and in the context of national legislation. For more information, see the CEB's Policies and Guidelines.

For the complaints procedure related to see item 2-26.

204-1 Proportion of spending on local suppliers

204-1-a: Percentage of the procurement budget used for significant locations of operation that is spent on suppliers local to that operation (such as percentage of products and services purchased locally).
204-1-b: The organization's geographical definition of 'local'.
204-1-c: The definition used for 'significant locations of operation'.

The CEB currently does not evaluate its spending on local supplies. As an organisation that applies the principles of equal treatment and non-discrimination in its procurement, the CEB does not in principle use the local origin of goods or services as a criterion to award contracts.

ANTI-CORRUPTION – GRI 205 -material topic-

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:*

- an Integrity and Compliance Policy[11]
- 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 (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.

11 A revised version was approved in January 2024 by the Bank's Administrative Council.

205-1 Operations assessed for risks related to corruption

The CEB's compliance function has received fewer than five complaints of corruption related to CEB-financed operations per year, on average for the last 10 years. In 2023, five project-related complaints were brought forward by stakeholders of CEB-financed projects. Out of these five complaints, four were found inadmissible, and one is being examined. Two complaints related to projects that were brought forward in 2022 were closed in 2023.

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 2023 was held in December that year. For awareness raising, transparency and information sharing, OCCO maintains 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 fifth year in a row, the CEB joined its peers in the international community in marking International Anti-Corruption Day on December 9. The message of the Chief Compliance Officer and her team 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 2023, 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 BEHAVIOR – GRI 206

206-1 Legal actions for anti-competitive behavior, 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 co-operation 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 Organisation for Economic Co-operation and Development (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 an NCJ established or incorporated in:

1. a 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, counterterrorist 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 European Union 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 time frame 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 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 OCCO 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 and opportunities 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. As for GHG emissions, absolute and relative emissions of the lending operations are assessed when considered material in line with the IFI Harmonized Approaches for GHG Accounting.

The CEB annually reports the projects' GHG emissions in the Sustainability Report and TCFD Report.

BIODIVERSITY – GRI 304

-material topic-

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

-material topic-

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 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: 10 000 - 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 are available to yield meaningful results. Calculations are based on standard methodologies and include estimates of construction-related emissions where feasible. The assessments are carried out by the CEB's Directorate for Technical Assessment & Monitoring (TAM), which is currently updating its methodologies following internal audit recommendations. .

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)

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 and the more detailed TCFD Report.

SOCIAL – GRI 400

HUMAN RIGHTS ASSESSMENT – GRI 412

-material topic-

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. At its fourth summit in Reykjavik in 2023, the Heads of State and Government committed to "using all means available within the Council of Europe, including through the Council of Europe Development Bank (CEB)" to support Ukraine's reconstruction efforts.

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. 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 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 with the 2030 Agenda and the Paris Agreement on Climate Change (see also Item 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 minimise 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-à-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 -material topic-

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 Item 2-23-e.

In 2023, one complaint with the potential to trigger some negative impacts on local communities, mainly on environmental grounds, was brought to the Bank's attention. Since 2021, there have been two additional complaints of this nature, which were closed by the OCCO. For one a corrective action plan has been requested to the borrower. The Office of the Chief Compliance Officer registers and handles two types of complaints: (i) complaints related to potential fraud, corruption, collusion, coercion, bribery and/or procurement-related complaints; and (ii) 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 january 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 and 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 and roadmap, a new cross-directorate Task Force on Aligning Internal Operations (TFIO) has been established to further advance the commitments taken in the above-mentioned Statement. This group:

- has been working in accordance with the *MDB Guidance Note on Aligning Corporate Activities*[12], a document that the CEB and its peers put together to define good practices for driving down GHG emission from the Banks' internal operations.
- has developed an action plan to help to manage and follow up on potential actions and better steer concrete improvements.

For the recent work towards a more sustainable procurement, see Item 308. For 2023 achievements, see the Sustainability Report.

MATERIALS – GRI 301

301-1 Materials used by weight or volume

In 2023, the CEB used 2.0 tonnes of office paper (all FSC quality, either recycled and/or certified sustainable forestry), compared to 2.02 tonnes in 2022, 2.25 tonnes in 2021, 3.0 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 and 3-3 above.

12. The TFIO does not cover treasury activities, as outlined in the MDB Guidance. At CEB, this is addressed in another workstream of Bank's Paris alignment framework.

302-1 Energy consumption within the organisation

Energy consumption by type over the period 2019 – 2023, calculated using a location-based approach

	2019	2020	2021	2022	2023
Electricity* (MWh)	705	749	681	669	773
Heating (tonnes of steam)	1 094	892	1 261	812	1 029
Cooling (MWh cold)	38.7	31.9	40.6	38.9	54
Fuel** (litres)	2 934	782	623	347	449

* To adapt the footprint to most staff working from home, the electricity consumption of IT equipment (i.e. computers, printers, screens at home) was included in the 2020 and 2021 assessment for electricity with the assumption of 2/3 of staff working from home. For 2022 and 2023, working from home was estimated to be 2/5 of the CEB working days. For 2023 the assumption changed, the new approach being based on a recent ADEME report (March 2023) "Experimentation on the energy balance of teleworking". Summary of the hypothesis: one day of telecommuting would lead to an increase in household energy consumption of 1.4 kWh. In 2023, electricity consumption related to the CEB's external data centres was also included in electricity consumption for the first time.
** 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) and external data centres.

302-3 Energy intensity

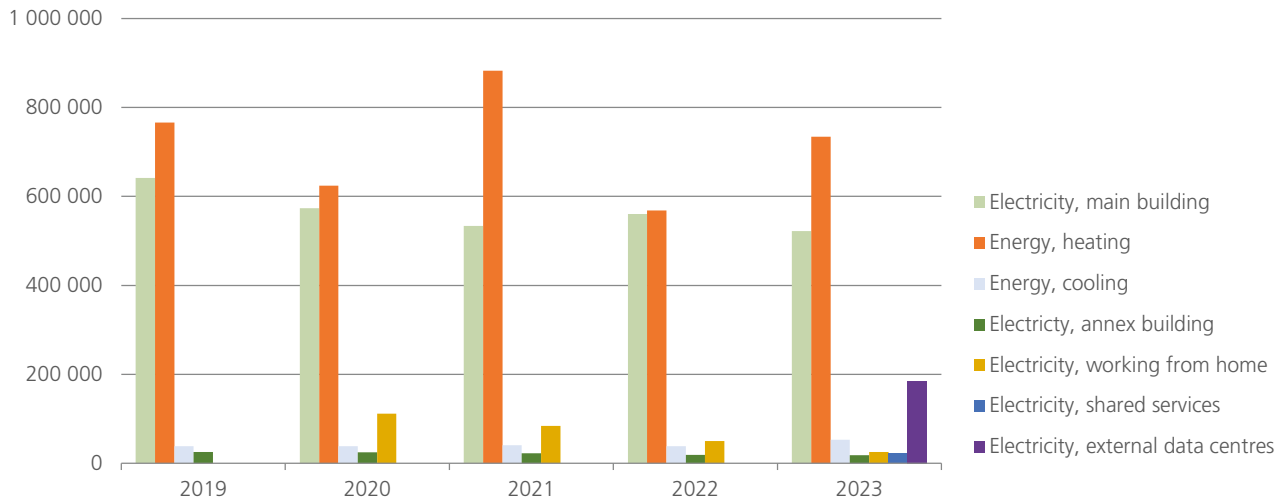
The CEB being a non-physical service provider, the energy intensity ratio is presented per employee and also per square metre. Improving upon previous years' reports, the two energy intensity ratios below cover all the energy consumed, including now heating and cooling. Energy intensity 2019 - 2023:

	2019	2020	2021	2022	2023
Energy intensity (kWh/employee*)	7 142	6 570	7 342	5 864	7 226
Energy intensity (kWh/m²**)	194	179	204	160	191

* The number of employees is 216 for 2023, 2022: 211, 2021: 213, 2020: 209, 2019: 206.
** The total office space is 8 163 m² in 2023, 2022: 7 713 m², 2021: 7 675 m², 2020: 7 675 m², 2019: 7 600 m².

302-4 Reduction of energy consumption

A 6% increase in energy consumption over the period 2019-2023, total energy (in kWh), but a 10% decrease on a like-for-like basis (see the figure below).



Compared with previous years' disclosure, reporting solely on the reduction of electricity consumption, the figure now presents a more complete picture of energy consumption, with the addition of items such as heating, electricity for external data centres or electricity for shared services (i.e. electricity consumed in parts of the office building - elevators, staircases, etc. that are shared with other entities).

Note that in 2024, the CEB's switch to renewable electricity will take its full effect (as contract changed in Q4 2023).

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. More such water fountains have been installed in 2023. Municipal water use for 2019 - 2023:

	2019	2020	2021	2022	2023
Municipal water use (m^3)	2 777	2 603	3 041	3 580	4 202

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

	2019	2020	2021	2022	2023
Approximate water discharges (m^3)	2222	2 082	2 433	2 864	3 361

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 and climate metrics) which feed into the environmental management approach. The date generated helps the Bank to better manage its initiatives to decrease the CEB's operational footprint.

For the 2023 reporting period, the assessment methodology has been changed from the official French methodology *BEGES* to the internationally recognised *GHG Protocol* (both compatible with ISO 14060). In order to allow for comparability, the 2022 figures were recalculated using the GHG Protocol and are displayed as such when indicated.[13]

Further information can be found on the website of the GHG Protocol, as well as on the English website of the French Agency for the Environment and Energy Efficiency (ADEME , BEGES, formerly Bilan Carbone ©).

The following gives a broad overview on adjustments done to the CEB's GHG emission assessment from internal operations over time.

		2023	2022	2021	2020	2019
Buildings – Heating & cooling	Vapour network					
	Cooling use					
Buildings – Electricity	Electricity					
Data centres (ext.)	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					
Office furniture, paper & consumables	Office desks and chairs					
	Water bottles					
	Consumables					
	Post services					
	Magazines and newspapers					
	Printing brochures					
Waste disposal & wastewater	Printing paper					
	Garbage					
IT equipment	Printers					
	Laptops					
	Desktop computers					
	Large screens					
	Photocopiers / scanners					
	Smartphones and tablets					

13 The main differences between the *GHG Protocol* and *BEGES* (French acronym for *Bilan des émissions de gaz à effet de serre* – previously *ADEME's Bilan Carbone* ©) methodologies concern the accounting of renewable energy and fixed assets. Under the GHG Protocol, the valuation includes fixed assets obtained during the period specified for calculating the carbon footprint, as well as the valuation of guarantees of origin for renewable energy. For *BEGES*, all the entity's fixed assets, smoothed over their depreciation period, are taken into account, and guarantees of origin cannot be considered.

Item	Colour code	Example
Switch BEGES to GHG Protocol assessment methodology in 2023		This concerned IT equipment purchases (laptops, large screens and smartphones and tablets)
Other assessment methodology adjustments		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 Electricity used for the external data centres in 2023
New item added		Laptops purchase in 2020 were added to assessment, as well as smartphones and tablets and office furniture (desks and chairs) in 2023
Item discontinued		CEB no longer buys plastic water bottles for meeting rooms
Emission factors updated		Adjusting emissions per kWh of electricity, depending on 'average grid emissions' in France

The quantified impact of the changes in methodologies and scope between 2022 (BEGES) and 2023 (GHG Protocol) is detailed in Item 2.4.

305-1 Direct (Scope 1) GHG emissions

The base year for 305-1, 305-2, 305-3 and 305-4 is 2023.

Gross direct (Scope 1) GHG emissions: 1 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: 169 tonnes of CO_2 equivalent.

The CEB's gross location-based energy indirect GHG emissions are associated with the electricity consumption (30 tCO_2 eq) and the municipal heating and cooling systems (139 tCO_2 eq).

305-3 Other indirect (Scope 3) GHG emissions

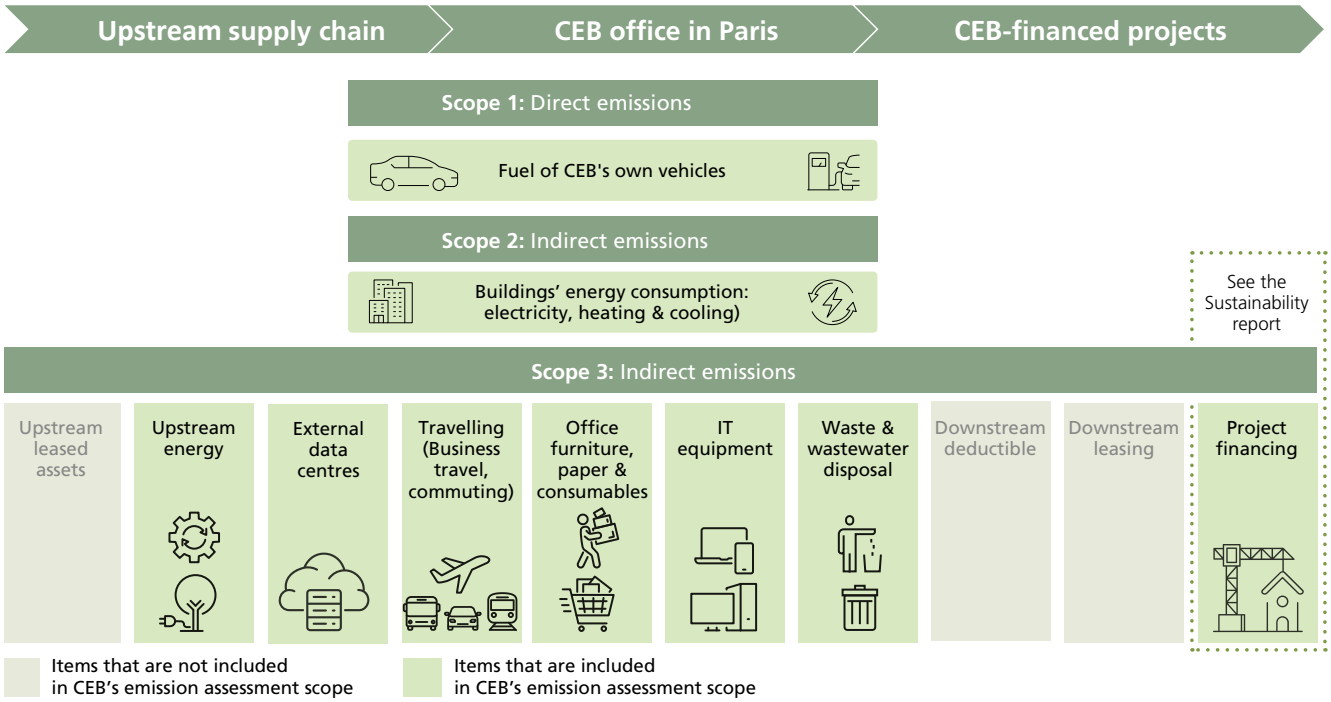
Gross other indirect (Scope 3) GHG emissions: 435 tonnes of CO_2 equivalent.

This scope includes the purchase of goods and services, IT equipment, the upstream of energy, the electricity consumption linked to the external data centres, 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 216). All types of GHG emissions are included (i.e. Scopes 1, 2 and 3).

The 2023 GHG emissions intensity ratio for the organisation stands at 2.8 tonnes CO_2eq/employee (2022: 2.4 tonnes CO_2eq/employee, 2021: 2.1, 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	2019	2020	2021	2022	2023 BEGES	2023 GHG Protocol
Scope 1	Own service vehicles	8	3	2	1	1	
Scope 2	Heating & cooling	145	118	167	108	139	
	Electricity consumption	40	45*	42	38	30****	
Scope 3	Business travel, incl. taxi	457	60	111	208	234	
	Home-to-work commuting	82	28**	23	24***	24	
	Paper & consumables	88	66	72	87	152	
	Waste & water disposal	55	1.2**	1.9	2.7	3	
	IT equipment	49	63	34	33	41	12
	External data centres					10****	
TOTAL		**924**	**384**	**453**	**501**	**633**	**604**

* 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.
**** The external electricity consumption linked to the external data centres is included in scope 3.

For project-related emissions (considered additional scope 3 emissions), see the Sustainability Report and for more details the TCFD Report.

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). In 2020, 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. Building on the good experience with water fountains installed in 2019 additional water dispensers were installed in 2023 in order to reduce plastic waste.

306-3 Waste generated

306-5 Waste directed to disposal

Total weight of non-hazardous waste: municipal waste of 1.44 tonnes, with any disposal methods except re-use, recycling and composting (2022: 1.03 tonnes*, 2021: 21.7 tonnes, 2020: 52 tonnes, 2019: 149 tonnes).

* As from 2022 a new methodology is used to assess 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

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	2023
Paper and paperboard	357	892	see below	see below
Plastic bottles and cups	230	202	533	470
Coffee capsules	44	211	338	513
Glass	28	220	922	575
Batteries	–	10	–	11
Light bulbs	–	8	–	–

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

In Tonnes	2022	2023
Paper and paperboard	19.9	20.4

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 for the Procurement of Goods, Services and Works for the CEB's own account which were updated in September 2023. The related Internal Procurement Procedures are being updated in February 2024.

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 was 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.

308-1 New suppliers that were screened using environmental criteria

Percentage of new suppliers that were screened using environmental criteria: The CEB will only start implementing its new internal procurement guidelines as from January 2024.

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

414-2-a. Number of suppliers assessed for environmental impacts: none.
414-2-b. Number of suppliers identified as having significant actual and potential negative environmental impacts: none.
414-2-c. Significant actual and potential negative environmental impacts identified in the supply chain:
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 2023, 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 2023, 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). Only 2% of CEB staff are under the age of 30, while half are 50 years or older. The average age for men (48) and women (51) remains consistent with the previous year. At senior management level, the age distribution includes three staff members in the 40-49 age group and 16 in the 50-59 age bracket, and seven staff members are 60 or older.

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 an annual staff turnover rate between 4% and 10%.. 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
2023	**6.09%** 6 men, 7 women	**1.9%** 1 man, 3 women	**0.5%** 1 man	**1.9%** 1 man, 3 women	**1.9%** 3 men, 1 woman	NA

Based on a retirement forecast performed regularly for the next ten years, making up for most of the CEB's staff turnover, and shared with the Administrative Council, the Bank actively predicts and plans its hiring needs.

In 2023, a total of 22 people were appointed, representing 16 different nationalities, including some from countries that have not had new additions to the Bank's staff for a long time, such as Estonia, Finland, Hungary, Montenegro, North Macedonia and Switzerland. Out of the 22 appointments, 12 were externally hired (75% women and 25% men), comprising two senior management staff (50% women, 50% men) and ten professional staff (80% women and 20% men). Out of the ten internally appointed staff, three were appointed at senior managerial level (67% women, 33% men), one man and one woman were appointed at professional level and five women were appointed at support level. Out of the 13 staff departures, five were managerial staff (20% women, 80%men), four were professional staff (75% women, 25% men) and four were support staff (75% women, 25% men).

The average age among external hires in 2023 was 37 years old, which, along with the upcoming retirements, is likely to 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, 46% came from international financial institutions, 20% from the private sector and 34% from the public sector.

In addition to replacing staff who resign or retire and filling newly created posts, the Bank has put in place since 2019 a traineeship programme, lasting up to one year, and hosted 14 trainees in 2023. The Bank is also envisaging developing a young professionals programme, as well as broadening the intake of junior professionals through national secondments or secondments from other International Financial Institutions.

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

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 2023 data for parental leave by a total number of women and men.

	Women	Men
Employees entitled to parental leave	3	3
Employees taking parental leave	3	3
Employees returning to work in the reporting period after parental leave ended	3	3
Employees returning to work after parental leave ended that were still employed 12 months after their return to work	3	3
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 five members (four active and one retired staff), which represents the general interests of the staff members and contributes 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

The Bank has set in place an occupational health and safety management system, particularly through the assessment of professional risks. The Single Risk Assessment Document (*DUER*[14]) 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 health and safety risks.

This regular risk assessment, powered by the *AMADEO* platform, includes:

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

This 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 14% of staff members are therefore currently

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

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 24-hour/7-day 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. Contrary to the pre-pandemic rule, the new one is applicable to all staff, including interns, as well as temporary staff and staff working part-time, both categories with a majority of women.

Adapting to a changed working set-up after COVID with more teleworking, all staff have been regularly invited over the past few years to workshops and sessions for individual advice on home and office ergonomics, and stress management webinars. Teleworking guidelines have been shared with staff to help them in setting up good practices while maintaining their physical and mental well-being.

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

The Health and Safety Committee (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).

In November 2023, the Health and Safety Committee carried out, as every year, a general tour of the Bank's premises, together with the Bank's medical adviser. Staff were invited to give their views on any specific point they wished to raise.

403-3 Occupational health services

As of 2022, the Bank provides 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 well-being while providing a sense of belonging.

For more flexibility, the number of days that staff can place in a leave savings account has been increased from 25 to an overall total of 60. The number of days of uncertified sick leave has also been increased from 4 to 6 days per year (and from 1.5 to 3 consecutive days).

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 biannual 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, in 2021 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 six days per year. They may also benefit from six 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 three 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 2023, the rate of short-term absenteeism[15] stood at an average of 4.3 days per staff member per year for short-term illnesses.

1.2% of staff were on long-term illness.

	2019	2020	2021	2022	2023
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	2 accidents x 200 000/ 216 staff x 37.5h x 50 weeks = 0.987
Short-term absenteeism rate**	9.67 average number of sick leave days per staff (regular staff + temporary) per year / 260 working days x 100% = 3.72%	7.23 average number of sick leave days per staff (regular staff + temporary) per year / 260 working days x 100% = 2.78%	3.08 average number of sick leave days per staff (regular staff + temporary) per year / 260 working days x 100% = 1.18%	4.80 average number of sick leave days per staff (regular staff + temporary) per year / 260 working days x 100% = 1.85%	4.30 average number of sick leave days per staff (regular staff + temporary) per year / 260 working days x 100% = 1.65%
Long-term illness*	0.9%	1.3%	1.5%	1.5%	1.2%
Rate of occupational diseases	0%	0%	0%	0%	0%

* Note that these figures reflect cases that are not necessarily work-related ill health, but sick leave more generally.

** Includes only short-term sick leave, whether certified or uncertified. It does not include therapeutic part-time leave, sick children leave or parental leave. Restatement of information: the report now discloses a 'short-term absenteeism' rate that replaces the previously reported 'absenteeism rate'. Compared with the former 'absenteeism rate' the new 'short-term absenteeism rate' does not take into account parental leave, which is reported under item 401-3. Sick children leave is also not included in the short-term absenteeism rate.

15 Includes only short-term sick leave, whether certified or uncertified. It does not include therapeutic part-time leave or parental leave.

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, 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 2023, the CEB continued monitoring staff participation in training.

Total annual training budget in €

2019	2020	2021	2022	2023
340 000	320 000	320 000	270 000*	320 000

* There was a temporary reduction in the training budget coming out of the pandemic.

404-1 Average hours of training per year per employee

In 2023, on average, staff members spent 2.9 days in training, with 2.5 days for women and 3.4 days for men. At managerial and professional levels (grade A level), staff members spent on average 2.9 days in training (2.5 days for women and 3.5 days for men). The average was 2.6 days for support/technical level staff (grade B and C levels) (2.6 days for women and 2.7 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 163 active learners and shows an overall training duration of 84 hours and 867 viewed resources in 2023.

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 interdisciplinary team training in technical and communication areas, thereby enhancing knowledge transfer and team co-operation.

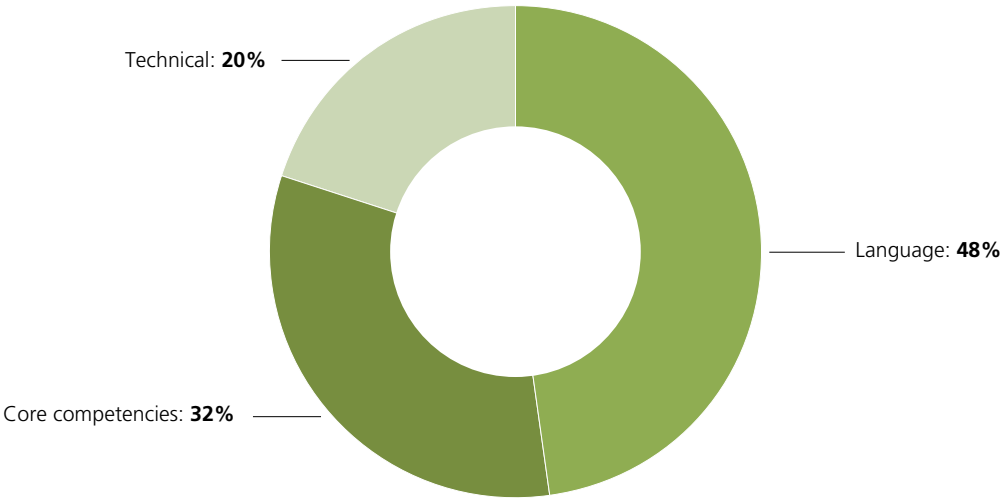
The CEB aims to keep its staff employable and flexible through targeted staff development. The appraisal system, which includes both performance and career development reviews, enables the Human Resources teams to move towards a more strategic partnership with both managers and staff by keeping abreast of needed skill sets, 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 65% (73% women and 27% men), out of which:

- Part-time 1% (only four staff are part time)
- Full-time 99%

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

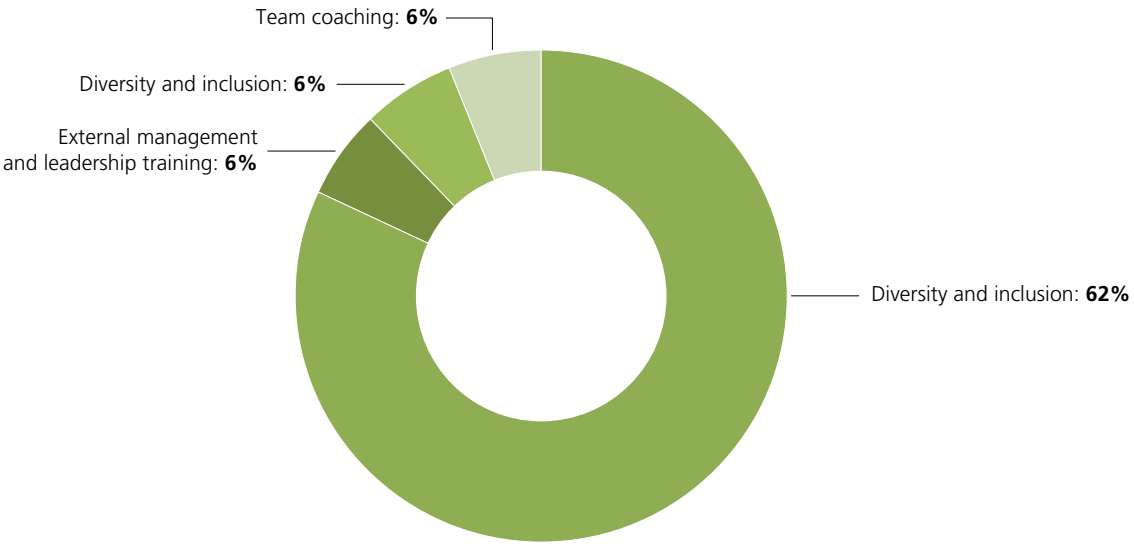
Staff participation by type of training



Overall participation in training stood at 65% of all staff. A slightly higher percentage of women (67%) than men (62%) participated in training. For professional and managerial staff (A grade), 53% of participants were women and 47% men. For support functions (B and C grades), 78% of participants were women and 22% men, which is in line with gender representation at these levels.

The largest participation (82%) in our training programmes was on Diversity and Inclusion. This continues to show the Bank's commitment to promote diversity and inclusion, as well as a high level of staff engagement on the topic. Team coaching was organised for a team of four men. Individual coaching was provided to four 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 lifelong education certificates.

Since 2019, the CEB has sent a total of 14 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 2023, one woman, two men). In 2023, 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.

Although not included in the formal training data, specialised sessions focusing on workstation ergonomics are systematically provided, with an emphasis on equipping staff members, including new joiners, with valuable insights through online assessments. Complementing this, in March 2023, a certified therapist was invited to the office premises, offering individual workplace ergonomic assessments to interested staff.

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 five 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 -material topic-

3-3 Management of material topics

The Bank's increasing activities underscore the enduring objectives of human resources 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, and 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.

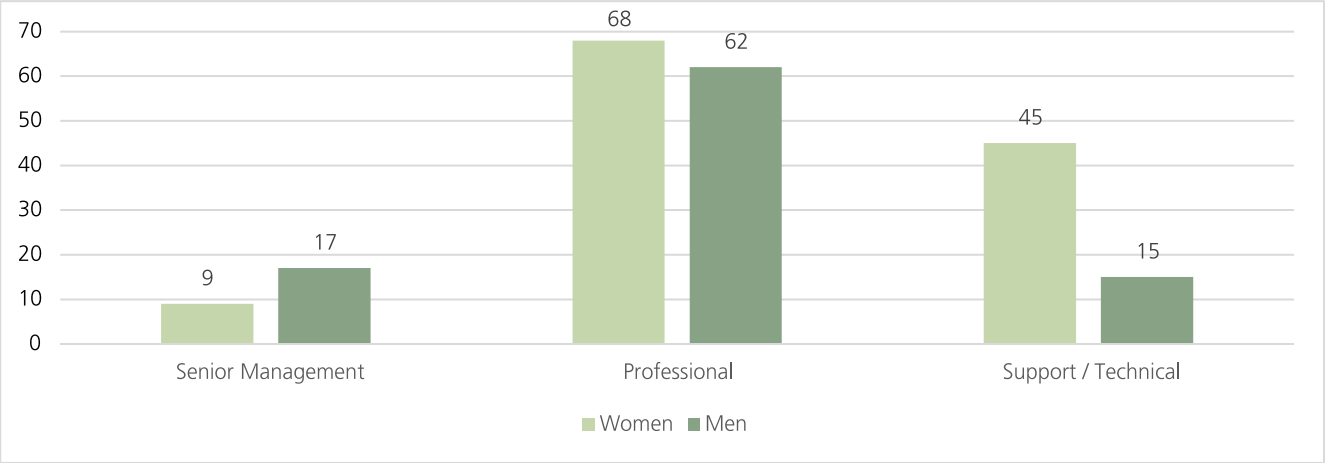
1. **Gender**: In the event of equal merit between a woman and a man, both of whom are candidates in an external recruitment or internal competition procedure, preference shall be given to the candidate of the gender which is under-represented in the grade and category to which the vacancy belongs. One 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%. This 40% goal is also enshrined in Article 420.1.8 of the CEB's Staff Rules. 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.

The Bank has launched an EDGE Gender Equality recertification process, with a third-party audit concluded in March 2023. The CEB successfully reached the second level of EDGE called 'Move'. Eventually, other dimensions of diversity will be considered in order to build a broader inclusive culture.

While there has been a positive evolution in gender balance with women in senior management increasing to 35% in 2023, the persistent disparity, especially with women constituting 75% at the support/technical level, underscores the ongoing need for focused efforts to achieve greater gender parity across all levels. Women representation in grades A4 and above (senior roles) increased to 38% in 2023, thus getting closer to the Diversity Strategy target of 40% at that level (also outlined in the publicly available Strategic Framework and the Bank's new KPIs[16]).

Number of staff members by grade group and by gender



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 national diversity and gender.

The Bank's workforce is made up of 216 staff members (56% women and 44% men). Of the 216 staff members, 156 are professional staff including management (49% women and 51% men) and 60 are support staff (75% women and 25% men).

At 31 December 2023, 32 of the CEB's 43 member countries were represented among the 216 staff members, 33 when adding the four elected officials. In terms of gender, as at 31 December 2023, the CEB had four women (36%) on its General Management team or five women (36%) when including elected officials.

16 As outlined in the Sustainability Report 2023, the Bank's new 2024 Key Performance Indicators approved by the Administrative Council now include KPI 15 on "Gender Balance Index" and KPI 16 on "Women in management".

Geographical breakdown per employee/staff nationality

Staff nationality	Women	Men	Total	Share in workforce
Albania	1	1	2	0.9%
Belgium	4	5	9	4.2%
Bosnia and Herzegovina	–	2	2	0.9%
Bulgaria	1	1	2	0.9%
Croatia	1	1	2	0.9%
Cyprus	–	1	1	0.5%
Estonia	1	–	1	0.5%
Finland	2	–	2	0.9%
France	31	36	67	31.0%
Georgia	1	–	1	0.5%
Germany	5	11	16	7.4%
Greece	3	4	7	3.2%
Hungary	2	2	4	1.9%
Ireland	3	4	7	3.2%
Italy	15	9	24	11.1%
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	2	–	2	0.9%
The Netherlands	–	2	2	0.9%
North Macedonia	3	–	3	1.4%
Norway	–	2	2	0.9%
Poland	3	2	5	2.3%
Portugal	1	2	3	1.4%
Romania	8	1	9	4.2%
Serbia	5	1	6	2.8%
Slovak Republic	3	1	4	1.9%
Spain	6	5	11	5.1%
Sweden	3	2	5	2.3%
Switzerland	2	–	1	0.9%
Türkiye	6		6	2.8%
TOTAL	**122**	**94**	**216**	**100%**

Each country is also represented on the Governing Board and on the Administrative Council. The Governing Board is currently chaired by a man, the Administrative Council by a woman.

Governing Board composition including the Chairperson, as at 7 January 2024

Gender		Professional background			
Men	Women	Ambassador/ Permanent Representative to the Council of Europe	Special envoy (Holy See)	Consul General	Deputy Permanent Representative to the Council of Europe
27	**14**	**37**	**1**	**1**	**2**

Pending nominations: 3

Administrative Council composition including the Chairperson, as at 7 January 2024

Gender		Professional background			
Men	Women	Ministry of Finance	Ministry of Foreign Affairs	Ministry of Economy	Other
26	**17**	**30**	**3**	**3**	**7**

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

The Bank is committed to gender equality in the workplace, including ensuring equal pay for equal work. HR continues to remind managers and staff through the CEB intranet site and different guidelines that decisions to grant promotions, step advancement, bonuses and career progression must be taken without regard to gender, age, racial or ethnic origin, religion or beliefs, sexual orientation/identity, or disability.

In the run-up to 2023 EDGE recertification, a gender pay gap assessment was performed, which concluded that there is a -1.66% pay gap when comparing women's and men's salaries. This is within the EDGE threshold of +/-3%, showing that there is no high risk associated with an unexplained gender pay gap in the organisation.

In 2023, the overall average basic salary (women and men together) was €9 388.40. The median was €8 996.04.

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

		Management*	Professional**	Support***	Total
Average	Women	15 169	9 606	6 243	8 639
	Men	16 099	10 059	5 909	10 360
Median	Women	15 572	9 573	6 429	8 035
	Men	16 404	10 093	6 319	10 093

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

Note that the values provided in the above table were calculated based on basic salaries and do not include bonuses, etc. and are not adjusted, for instance, for tenure.

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 prohibit any illicit discrimination based on age; sexual orientation; racial, ethnic or social origin; colour; nationality; handicap; marital or parental status; or 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 a 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.

FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING – GRI 407

3-3 Management of material topics

The CEB is an international organisation governed by public international law which, according to its Articles of Agreement, operates as an international financial institution. As a consequence, based on the CEB's legal status as an international organisation with its privileges and immunities conferred by the Third Protocol to the General Agreement on Privileges and Immunities of the Council of Europe, neither the host country's labour laws nor those of its member countries, nor the International Labour Organization (ILO) conventions, apply to its staff members.

Nonetheless, the Staff Regulations and related texts offer a framework which brings equivalent protection in terms, among other issues, of staff representation or non-discrimination. In particular, the Staff Regulations, Article 2 – Rights, provide 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: [...] freedom of association and assembly, including the right to strike".

The CEB has two staff representative bodies, the Staff Committee and the General Meeting of Staff (see Item 2-30).

407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk

As a service sector organisation with its office based in Paris, France, and financing operations in Europe only, the Bank is not aware of any such significant risks in its operations or with its suppliers.

SUPPLIER SOCIAL ASSESSMENT – GRI 414

3-3 Management of material topics

For details on the management of this topic, see GRI 308 above.

414-1 New suppliers that were screened using social criteria

Percentage of new suppliers that were screened using social criteria: CEB will only start implementing its new internal procurement guidelines as from January 2024.

414-2 Negative social impacts in the supply chain and actions taken

414-2-a Number of suppliers assessed for social impacts: none.
414-2-b Number of suppliers identified as having significant actual and potential negative social impacts: none.

414-2-c Significant actual and potential negative social impacts identified in the supply chain: As a non-physical service provider, the CEB's potential 'negative impact' from its supply chain is mainly limited to the office products it buys and the external services it procures, especially cleaning, security and IT services.

For actions taken on these items over the course of 2023, see the most recent Sustainability Report.

CUSTOMER PRIVACY – GRI 418

3-3 Management of material topics

As the CEB is not a commercial bank, it does not de facto hold personal information from individual customers.

Nevertheless, the CEB has been adopting high standards in term of protection of personal data in general. In 2022, the Bank published new Personal Data Protection Regulations, defining clear rules regarding the processing of personal data within the Bank. In line with this regulation, the CEB has also appointed two specific roles in order to ensure a proper application of these regulations: A Data Protection Officer (DPO) and a Data Protection Commissioner (DPC).

In 2023, the Bank has not faced any major personal data breach. In addition, as a matter of example of regular awareness raising around data privacy, in November 2023, the CEB's DPO developed and shared with all staff guidelines on best practices on the use of AI tools, including on personal, contractual and client data.

418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data

The organisation has not identified any substantiated complaints in the reporting period.