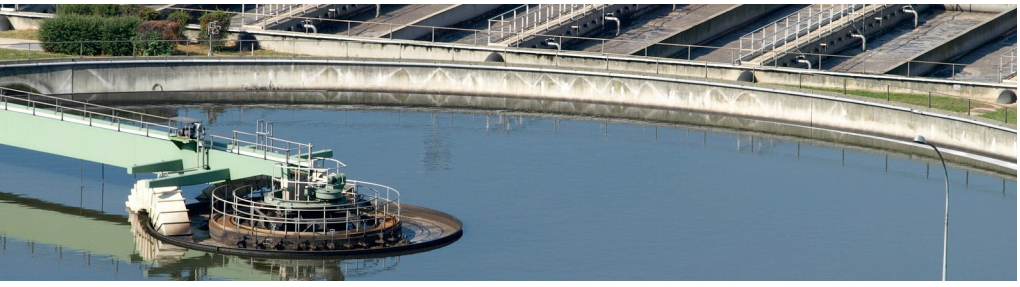
Corporate Social Responsibility Report









CEB

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

APRIL 2013

Contents

2 Key data as at 31 December 2012

3 The CEB and Corporate Social Responsibility (CSR)

4 Highlights April 2009 – April 2013

6 CEB's membership

7 **CEB: the social development bank in Europe**

7 MISSION AND GOVERNANCE

9 RESPONSIBLE POSITIONING

9 COMPLIANCE AND INTEGRITY

10 **Socially responsible financing**

10 ADDING EFFECTIVE SOCIAL VALUE

11 INCREASING FOCUS ON PROJECT QUALITY AND TRANSPARENCY

11 DEVELOPPING INNOVATIVE FUNDING INSTRUMENTS

12 CONSISTENTLY INTEGRATING THE ENVIRONMENTAL DIMENSION

13 **Sustainable management of the Institution**

13 WORKING RESPONSIBLY

14 MANAGING THE ENVIRONMENTAL FOOTPRINT

15 INFORMING AND COMMUNICATING

16 GRI indicators

Key data as at 31 December 2012

Corporate

- First Partial Agreement of the Council of Europe, signed on 16 April 1956
- 40 Member States
- Key figures

	in € million
Loans outstanding	12 131
Own funds	7 116
Equity	2 262
Total assets	26 858
Net profit	120.2

Financing

	28 Projects approved	Loans disbursed
Sectoral lines of action		
Strengthening social integration	79%	63%
Managing the environment	4%	23%
Supporting public infrastructure with a social vocation	17%	14%
Total *(in € million)*	**1 798**	**1 584**
In favour of target countries (*) *(in € million)*	903	989

(*) 21 CEB Member countries of Central, Eastern and South Eastern Europe

Functioning

- Energy consumption
  - Electricity: 940 MWh
  - Heating: 849 MWh
- Business travel: 2 567 611 km, 821 t. eq. CO_2
- Paper consumption: 10 tons
- 182 staff members and 4 appointed officials
- 28 nationalities
- 53% female, 47% male

The CEB and Corporate Social Responsibility (CSR)

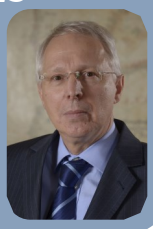
The CEB promotes sustainable growth by providing financing to projects that strengthen social cohesion, protect the environment and ultimately enhance the life of European populations. We recognise that taking ecological and social aspects into account is part of good business and leads to sustainable development. We also believe that this approach enhances the competitive edge of the Bank's customers and that economic growth, social inclusion and a healthy environment go hand in hand.

As an international financial institution (IFI) whose mandate is to foster social cohesion and help the most vulnerable populations, the Bank places particular emphasis on issues relating to corporate social responsibility. In this fifth Corporate Social Responsibility (CSR) Report the CEB presents its view of its role in society at large and testifies to its commitment to a sustainable future.

This document does not aim at listing the actions, policies or commitments taken by the CEB but rather at giving readers a clear view of how the Bank considers its work and impact on society. With a simplified framework and an enhanced graphic presentation, we hope that this fifth CSR Report will facilitate comparisons (both from year to year and with our peers) and allow our reflections to mature.

"The CEB promotes sustainable growth by providing financing to projects that strengthen social cohesion, protect the environment and ultimately enhance the life of European populations"

Governor Rolf Wenzel



Being transparent, responsible and lucid is a key policy element if the CEB wants to continue to be an essential and efficient tool for social development in Europe. That is one of the reasons for all the steps taken over the past years and in particular in the last twelve months.

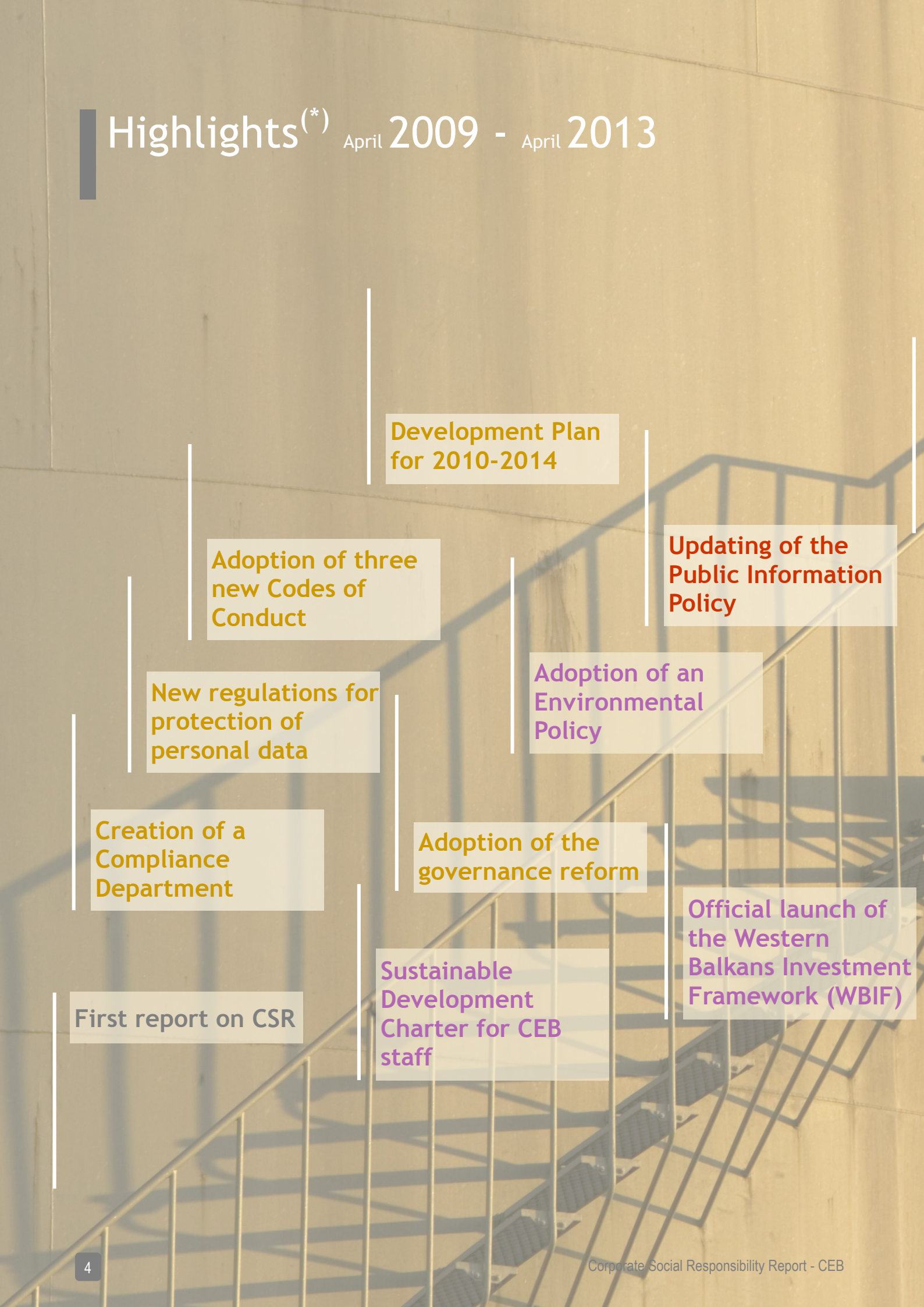
The Report in brief

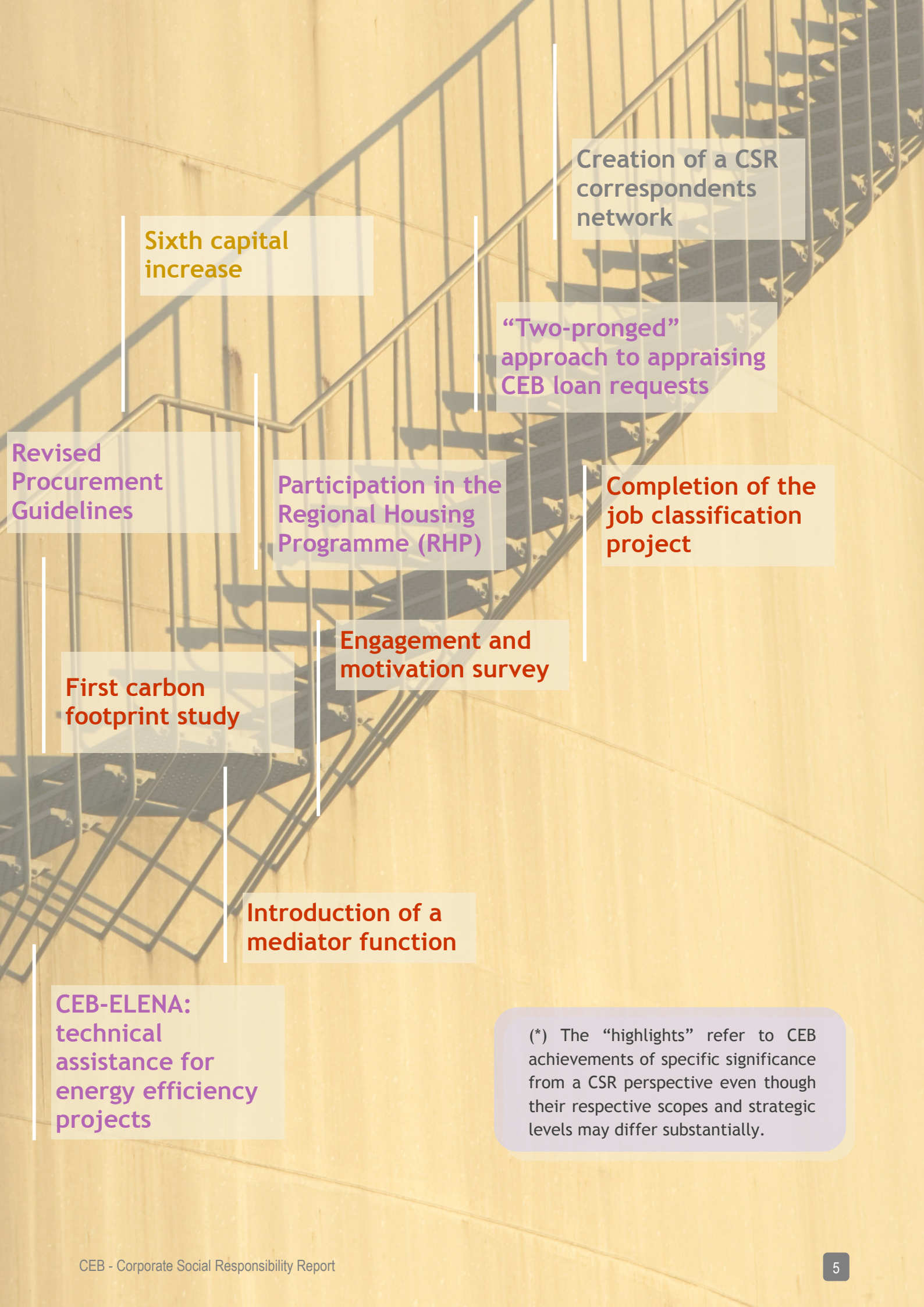
Since the first CSR Report was released in 2009, the document has been structured into three sections that present the very nature of the Institution itself (Part 1 - CEB: the social development bank in Europe), the way the Bank develops its projects/ loans activity (Part 2 - Socially Responsible Financing), and its operational approach (Part 3 - Sustainable Management of the Institution).

The underlying principles used in producing the CSR report have also remained unchanged. Thus, the document draws primarily on information already in the public domain. In addition, particular attention is given to: (i) drawing comparisons with the practices and standards currently in force, by considering the equivalent reports published by other IFIs, (ii) reflecting on the CEB's specific characteristics (mandate, resources, operating method, etc.) and (iii) ensuring coherence between the internal (operational) and external (financing activity) aspects of CSR.

At the same time, the document has continued to evolve. Following the previous Report, which marked a change in form, it has been made interactive by providing direct links to the related pages and documents of the Bank's web site and now incorporates the Global Reporting Initiative (GRI) framework. It has also been shortened to enhance readability and better focus on the relevant information with respect to CSR.

Highlights(*) April 2009 - April 2013





(*) The "highlights" refer to CEB achievements of specific significance from a CSR perspective even though their respective scopes and strategic levels may differ substantially.

CEB membership

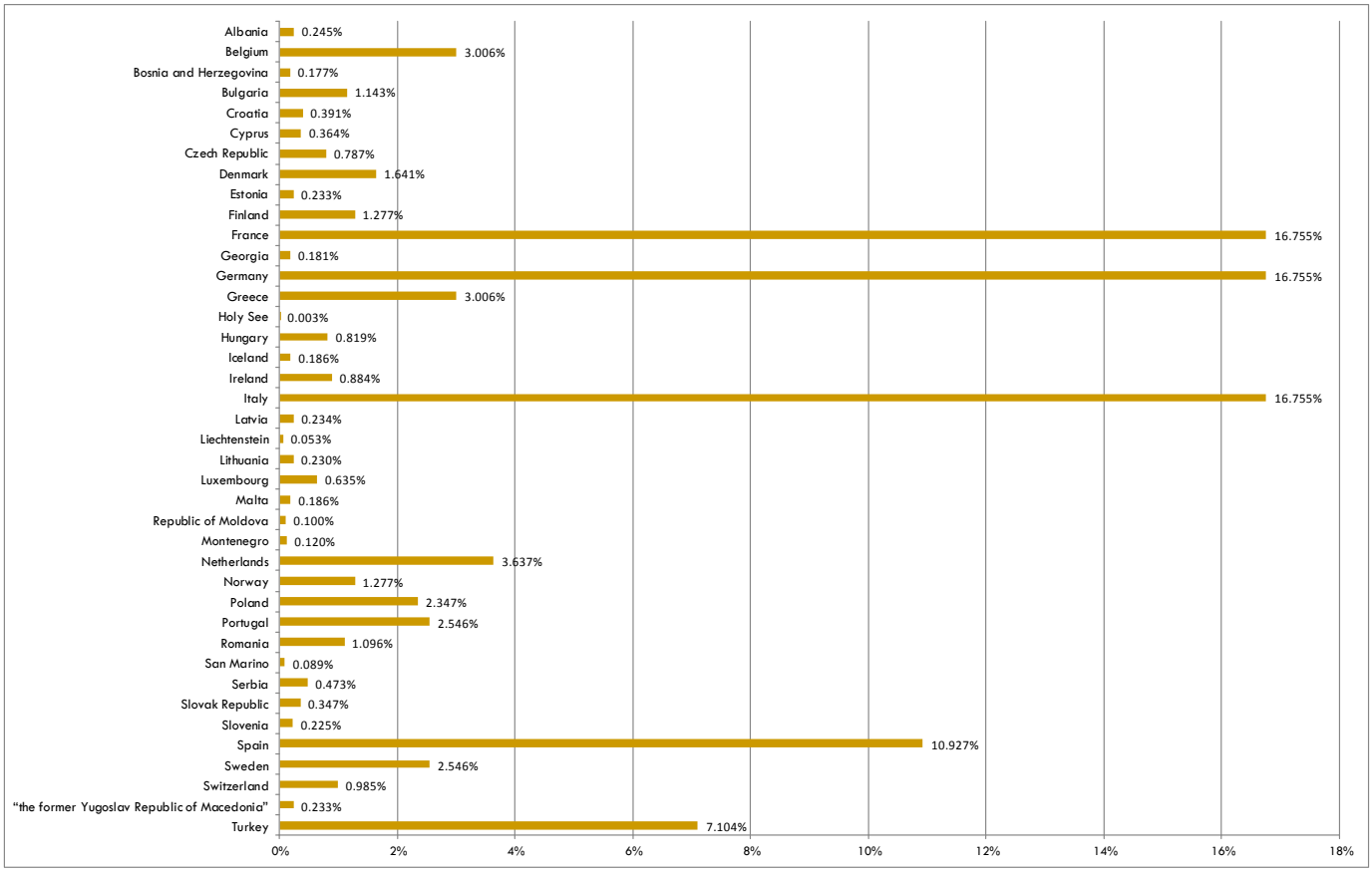
The Bank's shareholders

The CEB's 40 Member States:

** target countries of Central, Eastern and South Eastern Europe*

	Year of accession
Albania *	1999
Belgium	1956
Bosnia and Herzegovina *	2003
Bulgaria *	1994
Croatia*	1997
Cyprus *	1962
Czech Republic *	1999
Denmark	1978
Estonia *	1998
Finland	1991
France	1956
Georgia *	2007
Germany	1956
Greece	1956
Holy See	1973
Hungary *	1998
Iceland	1956
Ireland	2004
Italy	1956
Latvia *	1998
Liechtenstein	1976
Lithuania *	1996
Luxembourg	1956
Malta *	1973
Moldova (Republic of) *	1998
Montenegro *	2007
Netherlands	1978
Norway	1978
Poland *	1998
Portugal	1976
Romania *	1996
San Marino	1989
Serbia *	2004
Slovak Republic *	1998
Slovenia *	1994
Spain	1978
Sweden	1977
Switzerland	1974
"the former Yugoslav Republic of Macedonia" *	1997
Turkey *	1956

Capital situation as at 31 December 2012



CEB: the social development bank in Europe

We contribute to the social cohesion and sustainable social development of our 40 Member States

I MISSION AND GOVERNANCE

Corporate social responsibility is embedded in the Council of Europe Development Bank (CEB)'s mandate.

A unique social mission

As the social development bank in Europe, the CEB is tasked to contribute to the social cohesion and sustainable social development of its 40 Member States. This responsibility is reflected in our support for sustainable and inclusive growth that will ensure the ability of future generations to meet their needs.

The CEB's activities and decisions are driven by the need to improve environmental and social impacts, to foster governance and to strengthen the very fabric of society. In this way, the CEB contributes to social cohesion and is held accountable by stakeholders and society.

The Bank's mandate and mission are defined in its Articles of Agreement, as adopted in June 1993 and amended three times since. As a partial agreement of the Council of Europe, it is responsible for embodying the latter's values in the economic sphere. It does so by granting loans and grants to projects through three **sectoral lines of action**:

- strengthening social integration
- managing the environment
- supporting public infrastructure with a social vocation



Focus on governance

Good governance is a key element in the effective running of a multilateral development bank such as the CEB. According to Article VIII of the Articles of Agreement, the organisation, administration and supervision of the Bank is distributed between the following organs: the Governing Board, the Administrative Council, the Governor and the Auditing Board.

The organs' secretariat is provided by the "Secretariat of the Partial Agreement on the Council of Europe Development Bank", located in Strasbourg.

The **Governing Board**, as the Institution's "Supreme Organ", determines the Bank's general orientations, establishes the conditions for the adhesion of other countries, appoints the Governor, decides on capital increases, and approves the Bank's annual report, accounts and general balance sheet.

The **Administrative Council** exercises all the powers delegated to it by the Governing Board, designs and supervises operational policies, approves the investment projects submitted by Governments, and votes on the Bank's operating budget.

The **Governor**, being the Bank's legal representative and head of the operational services, conducts the day-to-day business.

On 18 December 2011, Mr Rolf Wenzel took office as Governor of the CEB for a five-year term. The Governor is assisted by one or more Vice-Governors (currently three).

The **Auditing Board**, consisting of three members appointed by the Governing Board, is responsible for verifying the annual accounts.

In accordance with the principles of good governance, the Governor seeks to create conditions for effective decision-making, based on the establishment of rules for delegating to the Vice-Governors and collegiality through the internal Committees. The aim of collegiality is to ensure transparency and understanding of the decision-making process, facilitate the proper application of decisions taken with full knowledge of the facts, and create a united management team to serve the general interests of the Institution.

II RESPONSIBLE POSITIONING

A long-term perspective

The CEB carries out its social mission within a strategic framework that defines its major orientations and objectives. These are formalized in its "Development Plan 2010-2014", which describes the Bank's loan policy, its geographical and sectoral lines of action, their underlying logic, the budgetary and operational resources required for their implementation, and the adequacy of the Institution's capital in relation to those objectives.

Further to this framework, throughout 2012 the Bank carried out a broad-based reflection to better address the challenges ahead. As a result, a number of individual areas for strengthening CEB policies and means of action were identified. In light of the above, 2013 will see the launch of broad discussions on the new medium-term Development Plan that will serve as the Bank's strategic roadmap for the years to come.

At the same time, renewed attention is paid to the CEB's ability to adapt to a constantly changing environment. This is illustrated by the Governor's decision to proceed with the reorganisation of the Bank, which came into effect as of 1 February 2013.

A unique positioning for working together

In recent years, the CEB has woven a network of close partnerships with other international organisations. This cooperation policy is a response to a major requirement: to enable the Bank to increase its means of action and thus enhance its added value. In so doing, the nature of the cooperation sought by the CEB focuses primarily on additional financing and complementary areas of expertise.

To this end, the Bank has signed a number of framework cooperation agreements (Memoranda of Understanding) on both bilateral and multilateral bases. In particular, the CEB is a natural partner to other peer international financial institutions (IFIs) and international institutions active in the social field, in particular several United Nations specialised agencies.

Choosing to position itself as a responsible and sustainable organisation in the long term

In addition to its natural links with the Council of Europe, the strengthening of cooperation with the European Union is a strategic thrust for the CEB. In concrete terms, the Bank participates in various cooperation mechanisms under the aegis of the EU. Against the backdrop of the EU multi-annual financial framework 2014-2020, the CEB actively contributes to new initiatives sponsored by the European Commission to favour blending and innovative financial instruments.



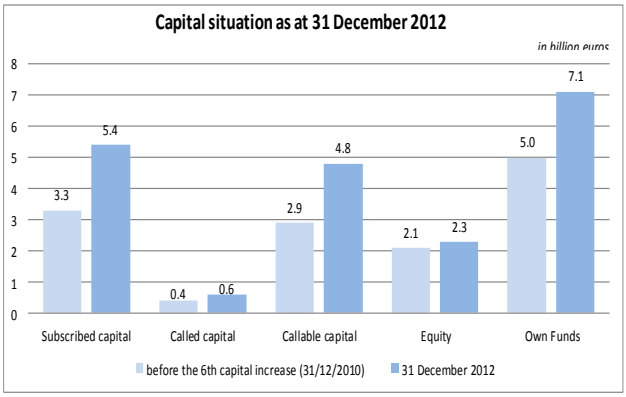
Financial soundness and risk management

To efficiently fulfil its mandate, the Bank constantly seeks to strengthen its resources and its capital base. In this perspective the Collegial Organs approved the **CEB's sixth capital increase** in February 2011. This capital increase took effect on 31 December 2011. It testifies to the CEB shareholders' support and will enable the Bank to mobilise even more resources to invest in social development in its Member States.

The CEB is rated by the three major rating agencies Standard & Poor's, Fitch Ratings and Moody's and, for its long-term operations, has been awarded the Aaa/ AA+ **ratings** by the three major agencies: Moody's (Aaa, outlook negative, 8 December 2012), Fitch Ratings (AA+, outlook stable, 25 September 2012) and Standard & Poor's (AA+, outlook stable, 27 December 2012). The CEB is under pressure due to the protracted crisis in Europe resulting in rating downgrades of both its borrowers and shareholders. At the same time, the Bank continues to show resilience and strong results (see key data p2).

In terms of risk management, even though the CEB, as an international financial institution, is not subject to the prudential and control rules that apply to the banking sector, the framework it has set up is regularly updated according to Basel Committee recommendations, EU directives and IFI best practices. The CEB has an **integrated risk management framework** that is independent from its operational activities, with rigorous supervision standards. A clearly defined framework has been provided for managing credit risk, market risk, liquidity risk and operational risk, with special attention given to the application of best banking practices in the area of risk management.

Thanks to its overall financial soundness, the Bank is able to access the capital markets on favourable conditions, as evidenced by its 2013 inaugural USD 1.25 billion five-year benchmark issue, launched on 28 February.



III COMPLIANCE AND INTEGRITY

As a development bank, and notably one with a social vocation placed under the "supreme authority of the Council of Europe", the CEB is particularly committed to **integrity** in its functioning and in its activities.

The CEB, in line with other international financial institutions (IFIs), has a Compliance Policy to ensure that it conducts its activities in compliance with its own rules, including the **codes of conduct** applicable to the collegial organs, the Auditing Board, the Appointed Officials (Governor and Vice-Governors) and all staff members.

In June 2012, the CEB's Governing Board adopted a **revised Compliance Policy**. One of the major developments was the establishment of a Compliance Committee within the Governing Board with a mandate to address cases of alleged violations of the applicable codes of conduct involving the Governor, a member of the CEB's collegial organs including their Chairpersons, or a member of the Auditing Board.

A key role to ensure that the CEB conducts its activities with integrity is played by the Chief Compliance Officer (CCO). In this capacity, the CCO requested in July 2012 a written statement from all staff members confirming that they had read and understood the applicable code of conduct and that they were in compliance with all its provisions.

The Compliance policy also ensures that the CEB adheres to the **good practices** recommended by the reference "standard-setting" organisations in the CEB's different fields of activity.

Pursuant to **the CEB's Integrity Due Diligence Guidelines, the** CCO has continued to provide input to ensure that the CEB's financial intermediaries abide by the standards recommended by the Financial Action Task Force (FATF) in the fields of **anti-money laundering/combating the financing of terrorism (AML/CFT)**. To this end, the CCO has closely followed the works of the **FATF** and the **OECD's Global Forum** on Transparency and Exchange of Information in tax matters in order to update the **CEB's list of monitored jurisdictions**, which is taken into account for both the CEB's lending and borrowing/treasury activities. In this respect, it is important to note the CEB's participation as an observer member in Council of Europe bodies specialized in these matters, such as GRECO (the Council of Europe's Group of States against Corruption) or MONEYVAL (Committee of Experts on the Evaluation of Anti-money Laundering measures and the Financing of Terrorism).

Socially responsible financing

I ADDING EFFECTIVE SOCIAL VALUE

In line with its mandate, the CEB focuses its activity on providing support to inclusive economic and social development and to the sustainable improvement of the living conditions of end beneficiaries in all its Member States.

In 2012, the CEB's Administrative Council approved 28 loan applications for a total amount of € 1 798 million and two grants for a combined amount of € 0.9 million. As in previous years, the Bank also continued its commitment to those sectoral lines of action with the greatest potential to generate added value. In 2012 alone, projects in favour of strengthening social integration amounted to € 1 411 million and represented 78.5% of all project approvals for the year.

Within its operations aimed at strengthening social integration, the CEB views **support to the micro, small- and medium-sized enterprise (MSME)** sector as playing an important role in promoting sustainable economic and social development. In 2012, € 826 million, or 46.5% of all project approvals during the year, was dedicated to operations supporting job creation and preservation in MSMEs which have been particularly hard-hit in the current environment of financial turmoil and more constrained access to financing. Given its social orientation, the CEB tailors its projects in this field especially to the smaller end of the MSME sector; in this respect, supporting leasing programmes through participating financial institutions is seen by the Bank as a particularly well suited tool for reaching micro and small enterprises.

Other sectors of CEB action also provide ample opportunity for the Bank to demonstrate its engagement in socially responsible lending. Projects involving aid to refugees, migrants and displaced persons represent one of the statutory priorities of the Bank's action. Through partial financing of eligible programmes and activities for the benefit of the most vulnerable populations, the Bank contributes directly to **strengthening social inclusion**. In the current context of austerity, the provision of dedicated services for vulnerable and excluded social groups has taken on an even greater significance.

Sectoral lines of action	Sectors of action
Strengthening social integration	• Aid to refugees, migrants and displaced persons • Housing for low-income persons • Creation and preservation of viable jobs • Improvement of living conditions in urban and rural areas
Managing the environment	• Natural or ecological disasters • Protection of the environment • Protection and rehabilitation of historic and cultural heritage
Supporting public infrastructure with a social vocation	• Health • Education and vocational training • Infrastructure of administrative and judicial public services

One of the most effective means of supporting the Bank's mission of strengthening social cohesion in its Member States is to provide of **decent and affordable housing for people on low incomes and other vulnerable populations** such as refugees, migrants or disabled. From a broader perspective, the Bank also plays a role in urban renewal and in the "sustainable communities" agenda through the financing of projects in housing and related municipal infrastructure rehabilitation, designed to successfully address a number of economic, social and environmental challenges in urban areas. The CEB also strives to promote "green buildings and infrastructure", including energy-efficient housing and environmentally friendly urban infrastructure in a bid to reduce the environmental footprint of buildings.

The CEB is the only IFI that supports **projects in the public administration and judicial field.** This support allows it to lend its contribution to improving the organisation and functioning of the administrative and judicial public services of its Member States. Beyond providing stable long-term financial resources tailored to the nature of this priority social investment, the CEB's involvement adds value through its experience in the appraisal and set-up of judiciary infrastructure projects, particularly by ensuring that financed projects respect human rights.

II INCREASING FOCUS ON PROJECT QUALITY AND TRANSPARENCY

The impetus that the CEB gives to the implementation of high-quality projects demands more assistance during both project preparation and implementation in order to limit risks and ensure sustainability over the long-term. In this context, **the Bank's teams are increasingly involved in the process of designing, preparing and monitoring projects** with a view to maximising both the resources employed and the quality of projects. In this respect, high-level discussions and working group meetings took place throughout 2012 in order to help further develop the framework for reaffirming the CEB's social mandate, improving the social value of its projects and increasing transparency and communication.

In 2012, the Bank adopted a so-called "two-pronged approach" to appraising CEB loan requests whereby the social value of each loan request is evaluated based on the social value of the project per se and a country rating which reflects the socio-economic situation of the country in which the project is located. By contributing to improving the screening of loan requests, this comprehensive new approach allows the Bank to monitor the social value of its project portfolio much more closely.

In addition, the **revised project presentation format** provides the Bank's Administrative Council with additional information regarding CEB added value and a project's foreseen social impact. It also more fully describes the expected modalities for following up project implementation and for appropriately channelling CEB funds. The new format also explicitly refers to how past experience by the CEB and other IFIs or international good practices, when such is the case, are reflected in the way the project is set-up during the appraisal stage.



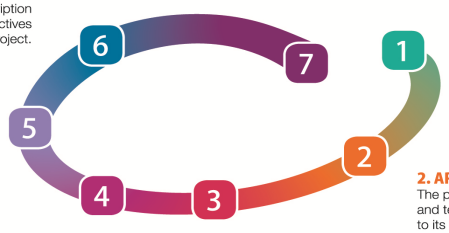
III DEVELOPPING INNOVATIVE FUNDING INSTRUMENTS

Determined to continue broadening its means of action, the CEB has sought to strengthen its policy of co-operation with other international organisations in order to expand the scope of its activities and to enhance the effectiveness and relevance of its interventions. Among other things, this has allowed for enhanced project preparation through a number of support mechanisms, such as the Western Balkans Investment Framework (WBIF) grants and other financing instruments developed in co-operation with various international institutions.

The Bank's ability to fully assist the preparation of its projects – thus focusing from the outset on their high added value – is underpinned by the fact that the CEB manages a number of trust funds (the "Norway Trust Account", "Spanish Social Cohesion Account" and the "Human Rights Trust Fund"). The CEB also has a Social Dividend Account, formerly known as Selective Trust Account, which enables it to grant technical assistance, interest rate subsidies, grant contributions and guarantees for pilot projects.

Moreover, the CEB has recently assumed a new fiduciary role within the "Regional Housing Programme (RHP)" for refugees and IDPs in the Western Balkans as a way of reinforcing its social mandate and using its technical expertise in the social field in order to contribute to finding new ways of reaching the most vulnerable population groups.

The project cycle



1. IDENTIFICATION
First approach to all the elements of the project in order to define the eligibility, feasibility as well as the objectives and the means required to achieve them. At this stage, a first estimate of the loan amount must be given.

2. APPRAISAL
The project, its social objectives and its financial and technical feasibility are evaluated with a view to its submission to the Administrative Council. The financial, technical and implementation-related aspects of the project are defined.

3. APPROVAL BY THE ADMINISTRATIVE COUNCIL
Following on the opinion of admissibility by the Secretary General of the Council of Europe, the project is examined and, if satisfactory, approved by the Administrative Council.

4. NEGOTIATION OF THE FRAMEWORK LOAN AGREEMENT
The framework loan agreement is negotiated with the borrower on the basis of the terms approved by the Administrative Council.

5. DISBURSEMENTS AND MONITORING
The project's correct implementation is evaluated together with the appropriate use of the funds disbursed.

6. COMPLETION
A report is drawn up giving a full description of the works carried out and the objectives achieved within the framework of the project.

7. EVALUATION
The project's impact and sustainability are evaluated in order to assess performance and quality as well as to draw lessons for future project preparation.

IV CONSISTENTLY INTEGRATING THE ENVIRONMENTAL DIMENSION

The CEB's approach to social development is to foster a sustainable relationship between populations and their living environment. Its Environmental Policy requires that sustainability considerations are addressed from the outset. By means of appraisal and monitoring mechanisms the CEB seeks to ensure that the projects it finances are designed and implemented in such a way that social and environmental benefits are optimised and negative impacts are avoided or mitigated.

Mainstreaming of environmental considerations in the CEB's lending operations continued throughout 2012. This process was accompanied by the **preparation of procedures and guidance documents aiming to enhance operationalization of the Environmental Policy.** The CEB now systematically reviews the capacity of Financial Intermediaries (FIs) to deal with sustainability issues. This is important for the risk management of program loan operations, for these operations entail greater reliance upon the due-diligence systems of the FIs that need to ensure that sub-projects respect the provisions of the CEB's Environmental Policy. For this purpose the Bank requires that all FIs fill out a questionnaire focussed on their environmental policies, safeguards systems and the allocated resources for implementation and monitoring. This first evaluation step is complemented by specific environmental due-diligence visits to the intermediaries when appropriate. The outcome of the evaluation process makes it possible to classify the environmental risks associated with a particular loan operation and optimises subsequent monitoring of these risks during the implementation stage.

Fostering a sustainable relationship between populations and their living environment



Striving for constant improvement, the CEB works with peer organisations (e.g. IFIs and EU institutions) in sharing and promoting good practice methodologies and tools intended to enhance project sustainability. The use of a common approach for the tracking of climate finance is one example. This initiative aims to improve and harmonize the tracking and reporting of financial contributions to climate change mitigation and adaptation activities among IFIs. Within this framework, the CEB has launched a pilot exercise to test two methodologies for climate finance tracking, the **OECD "Rio Markers"** and the MBD approach. The objective of this exercise is to facilitate analysis of the CEB's project portfolio and generate reliable and comparable climate finance data that will enhance transparency and accountability.

Sustainable Management of the Institution

A general policy for human resources at the Bank guided by the principals and ideals promoted by the Council of Europe

I WORKING RESPONSIBLY

The general policy for human resources at the Bank is guided by the principals and ideals promoted by the Council of Europe (CoE). The CoE Staff Regulations therefore remain the reference text for the CEB Staff Regulations. Several adaptations have been made over the past years, tailored to the needs and specific nature of the Bank. The Staff Regulations are complemented by a code of conduct and rules for the protection of personal data. The Bank provides a defined-benefit pension scheme for all staff members, based on the model of the Coordinated Organisations.

Driving change through innovative HR projects

A number of HR projects focusing on the social climate at the Bank and the engagement of staff were initiated over the past year and have shown significant progress.

An external consultancy company was assigned to conduct a **staff engagement and motivation survey**. The key rationale was to initiate a continuous improvement process that engages management and staff to reflect on organizational priorities and staff feedback in order to implement improvement actions that will drive overall well-being, staff engagement and performance. The response rate stood at 76%.

The **job classification exercise** was achieved at end 2012. The underlying principle was to determine the relative worth or size of a job in relation to the assigned roles and responsibilities. It will allow the CEB to establish possible career paths.

Another HR highlight was the selection and **appointment of a Mediator**, whose function is to contribute to informal conflict resolution by seeking friendly settlements to all kinds of disputes.

Diversity of CEB staff – a valuable resource of the Bank

The CEB has continued its growth in staff numbers, showing a rise of 9.3% in 2012 compared to a year earlier. At 31 December 2012 the Bank employed 182 staff members, 96 women and 86 men representing a ratio of 53% women and 47% men. The number of nationalities represented among the staff increased to 28. Further progress has been made with regard to promoting diversity and the Bank continues to work on improving the representation of women in senior management positions as well as overall gender parity. At 31 December 2012 the ratio of female professional staff, assigned to study, design and leadership activities, stood at 46%. The low turnover rate standing at around 3% and the high length of service (11 years) allow the Bank to benefit from high levels of expertise. At the same time, the CEB is committed to find new talent in order to sustain the fulfilment of its mission in the most appropriate conditions.

Philosophy of lifelong learning

The Directorate for Human Resources continued to encourage staff of all categories to engage in training activities in the spirit of lifelong learning. Particular emphasis was and will be paid to management and leadership training as well as individual coaching in order to help Directors and Heads of Departments maintain and reinforce their know-how and skills in team management. The annual performance appraisal exercise strives to achieve the Bank's collective and the staff member's individual objectives, namely: to increase the efficiency of the Bank by better use of its human resources and also to identify training needs and promote career management.

Social relations

At institutional level, and to allow the staff members to express themselves on all provisions for the application or modification of their Staff Regulations, the CEB has several staff participation bodies. These bodies are at the heart of social relations at the Bank. The **General Meeting of Staff**, gives staff members the opportunity to express their views on their terms of employment and working conditions. The **Staff Committee**'s role is to represent the general interests of staff members as well as pensioned staff in their relations with the Bank's Management.

II MANAGING THE ENVIRONMENTAL FOOTPRINT

The **environmental footprint** is a measure of the pressure that humans place on the environment. It is a tool for assessing the productive area needed for a population to cover its consumption of resources and its waste absorption requirements.

General context

Fully aware of its environmental responsibilities, the CEB has adopted an approach aimed at promoting eco-responsible behaviour and ensuring that it has the appropriate steering instruments for doing so.

To promote environmentally friendly behaviour, a "Sustainable Development Charter" was drawn up for the attention of all CEB staff members. Alongside this charter, the Bank also undertakes information and awareness-raising actions concerning CSR and sustainable development.

In parallel, the CEB has set up several processes for the recycling of waste and, in its everyday logistics, strives to limit its consumption of natural resources, water, paper and energy. The principal monitoring and steering instrument it uses to achieve this is the carbon balance study.

Carbon balance study 2012

For the third consecutive year, the CEB carried out a carbon balance study in 2012, applied to the Institution's own functioning and to the administrative activity at its headquarters – i.e. excluding projects financed by the Bank. This study is now carried out by means of a dedicated software platform, Greenflex/Enablon.

The carbon balance **method**, developed by the French Environment Energy Management Agency (ADEME), makes it possible to evaluate the greenhouse gas emissions (GGEs) generated by all the physical processes that are required in order for an activity or an organisation to exist. The method takes into account both direct and indirect GGEs. The carbon balance study is thus the first stage in a "greenhouse effect" diagnostic, making it possible to visualise all the different emission sources and to rank them before prioritising the most efficient actions for mitigating their impact.

Measures and results

The carbon balance study focuses on a number of key emission sources, such as energy consumption, staff travel (business travel and home-to-work commuting), paper consumption and direct waste. The table below compares the results from 2010 to 2012. **The CEB's total GGEs amounted to 1890 metric tons of CO2 equivalent for 2012,** with a 30% uncertainty rate that does not call the trend into question. The trend is stable, and even slightly down in relation to 2011 (per employee). We observe a fall in energy consumption and an increase in travel.

Monitoring and action plans

The efforts initiated in previous years are being pursued by systematically taking account of sustainable development in all major works and purchases (example in 2013 of the replacement of the fleet of photocopiers and printers). Also in 2013, work will continue on connecting the premises to the City of Paris urban cooling network, run by the company *Climespace*, as well as on optimising the lighting management system.

SCORECARD	Total variation	Variation per employee	Total 2012	Per employee, 2012	Total 2011	Per employee, 2011	Total 2010	Per employee, 2010
Bank staff	6%	-	180	-	171	-	170	-
CO2 emissions								
Total CO2 emissions (t. eq. CO2)	7%	1%	1 890	10.5	1 840	10.76	1 770	10.41
Building energy efficiency								
Total heating consumption (in kWh)	4%	-2%	849 000	4 717	641 000	3 727	815 000	4 794
CO2 emissions linked to heating consumption (t. eq. CO2)	4%	-1%	165	0.92	125	0.73	159	0.93
Total electricity consumption (in kWh)	-6%	-11%	939 890	5 222	964 000	5 605	1 001 000	5 888
CO2 emissions linked to electricity consumption (t. eq. CO2)	-6%	-11%	45	0.25	46	0.27	48	0.28
Travel								
Home-to-work commuting (in km)	15%	8%	1 106 121	6 145	975 990	5 674	964 642	5 674
Home-to-work commuting (t. eq. CO2)	25%	18%	84	0.47	68	0.40	67	0.39
Business travel (in km)	2%	-4%	2 567 611	14 265	2 377 633	13 823	2 514 319	14 856
Business travel (t. eq. CO2)	9%	3%	821	4.56	744	4.33	754	4.44
Paper								
Total paper consumption (bought reams of paper) in tonnes	0%	-6%	10	0.06	11	0.07	10	0.06
CO2 emissions linked to paper consumption (t. eq. CO2)	0%	-6%	13	0.07	15	0.09	13	0.08
Waste								
Waste disposed (in tonnes)	11%	5%	126	0.70	115	0.67	114	0.67
Waste disposed (t. eq. CO2)	18%	11%	4	0.02	3.5	0.02	3.4	0.02

III INFORMING AND COMMUNICATING

The Bank has acquired a sound capital of confidence with the actors most closely linked to its activity, namely: lenders, borrowers and the other international organisations. At the same time, as a public institution, it has to be appropriately accountable for its action to all its stakeholders.

To achieve this, the CEB relies on an internal reference framework constituted by its "Public Information Policy", itself based on the principles of transparency, responsibility and balance.

Emphasis is also placed on a wide range of communication instruments and their modernisation, deployed around the showcase web site. Amongst the initiatives undertaken in 2012, the CEB provided itself with new communication tools in the form of two electronic newsletters, one targeted to the outside (CEB e-newsletter) and the other reserved for the Bank's staff (HR Info).

Communicating to each stakeholder

The institutional communication policy, aimed at promoting the CEB's original position, is relayed by means of more operational communication approaches targeted to each of its stakeholders. The objectives are established accordingly.

With regard to its **shareholders**, the Bank's communication falls in priority under the aegis of good governance.

For the attention of actors **closely linked to its activity**, the objective is to capitalise on the confidence the CEB enjoys. In order to enhance its visibility, the Bank endeavoured to strengthen the links woven with its social development actor partners in 2012. This is illustrated by the intensification of contacts with the European Union, as evidenced by the Governor meeting with several European Commissioners and the Bank hosting the meeting of the Steering Committee of the "Western Balkans Investment Framework" (WBIF). Within this context, the Regional Housing Programme (RHP), a flagship initiative with a high social value in which the CEB plays an eminent role, deserves to be especially highlighted.

Within the Institution, **internal communication** focuses on promoting staff cohesiveness.

With respect to the **general public** and to representatives of civil society, the Bank strives to provide a balanced response to an increasing need for information. Communication on CSR contributes very specifically to achieving all these objectives.

Consolidating the Institution's reputation and guaranteeing appropriate transparency

Communicating on CSR

The CEB's commitment to transparency and disclosure of information concerning its activities is a strong and continuing engagement. This is reflected first in its web site. It is also more specifically borne out by the web page devoted to corporate social responsibility and, even more so, by the publication of a CSR report every year without exception since 2009.

In addition to the publication of a specific report, the Annual Report 2012 (Report of the Governor) was restructured into three main sections, including one entitled "Governance and corporate responsibility" which contains a chapter devoted to CSR. This bears witness to the importance and visibility that the Institution gives to these issues.

Increasing efforts have also been undertaken to promote staff awareness of the implications of CSR and sustainable development. Included among these are: a newly renovated "CSR and Sustainable Development" section within the 2012 over-haul of the HR/Intranet site intended for CEB staff members; the inclusion in the annual in-house staff satisfaction survey concerning the main support functions at the Bank of specific questions on sustainable development; and a large-scale general information meeting on CSR in 2013.

Communication on CSR also implies strengthened dialogue with all the CEB's stakeholders, notably those that are, by definition, the most involved in this field, such as the **extra-financial rating agencies and socially responsible investors**. The CEB was rated C (prime) in 2012 by oekom research. The Bank is fully aware of the progress that still remains to be made, while striving to provide a balanced response to the increasing need for information on the part of civil society and its representatives.

GRI Indicators

The ***Global Reporting Initiative (GRI)*** Framework is the most widely used sustainability reporting framework. The guidelines are for voluntary use by organisations to report on economic, environmental and social aspects of their operations.

The table below indicates in which section of this Corporate Social Responsibility Report the different indicators are covered. The CEB strives to report on as many indicators as possible, on the basis of its own assessment and concentrating on the core indicators relevant for its operations.

	Strategy and Analysis	
1.1	Statement from the most senior decision maker of the organisation	The CEB and CSR p5 (also in Report of the Governor 2012)
1.2	Description of key impacts, risks, and opportunities	Mission and Governance, p7
	Organisational profile	
2.1	Name of the organisation	Mission and Governance, p7
2.2	Primary brands, products, and/or services	Sectoral lines & sectors of action, p10
2.3	Operational structure of the organisation, including main divisions, operating companies, subsidiaries, and joint ventures	Report of the Governor 2012
2.4	Location of organisation's headquarters	Back cover
2.5	Number of countries where the organisation operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report	Report of the Governor 2012
2.6	Nature of ownership and legal form	CEB membership, p6 - Mission and Governance, p7
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries)	Report of the Governor 2012
2.8	Scale of the reporting organisation	Key data, p4 - Report of the Governor 2012
2.9	Significant changes during the reporting period regarding size, structure, or ownership	Reorganisation, p8
2.10	Awards received in the reporting period	None
	Report Parameters	
3.1	Reporting period (e.g., fiscal/calendar year) for information provided	April 2012-April 2013
3.2	Date of most recent previous report (if any)	27 April 2012
3.3	Reporting cycle (annual, biennial, etc.)	Yearly
3.4	Contact point for questions regarding the report or its contents	Back cover
3.5	Process for defining report content	Internal process
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers)	The CEB and CSR, p3
3.7	State any specific limitations on the scope or boundary of the report	None
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organisations	None
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report	Internal data and estimates
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/ acquisitions, change of base years/periods, nature of business, measurement methods)	None
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report	None
3.12	Table identifying the location of the Standard Disclosures in the report	Information provided in the report
3.13	Policy and current practice with regard to seeking external assurance for the report	No external assurance sought

Governance, Commitments and Engagement

4.1	Governance structure of the organisation, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organisational oversight	Mission and Governance, p7
4.2	Indicate whether the Chair of the highest governance body is also an executive officer	Report of the Governor 2012
4.3	For organisations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members	Report of the Governor 2012, Membership of the Bank's organs as at 31 December 2012; webpage "organs"
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	Mission and Governance, p7 Social relations, p15
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organisation's performance (including social and environmental performance)	Report of the Governor 2012 - Notes to the financial statements (A.7)
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided	Code of Conduct, p9
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organisation's strategy on economic, environmental, and social topics	Articles of Agreement
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation	Articles of Agreement, Code of Conduct, Environmental Policy, Policy for loan and project financing
4.9	Procedures of the highest governance body for overseeing the organisation's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles	Articles of Agreement
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance	Mission and Governance, p7
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organisation	Environmental Policy, p12
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organisation subscribes or endorses	Compliance and integrity, p9
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organisations in which the organisation: Has positions in governance bodies; Participates in projects or committees; Provides substantive funding beyond routine membership dues; or Views membership as strategic	A unique positioning for working together, p8, web page on Partnerships
4.14	List of stakeholder groups engaged by the organisation	2012 CSR Report, CEB stakeholder map
4.15	Basis for identification and selection of stakeholders with whom to engage	Communicating to each stakeholder, p15
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	Communicating to each stakeholder, p15
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including through its reporting	Communicating to each stakeholder, p15

Management Approach and Performance Indicators

ECONOMIC		
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments	Key data ; Report of the Governor 2012 – Financial statements
EC2	Financial implications and other risks and opportunities for the organisation's activities due to climate change	n/a
EC3	Coverage of the organisation's defined benefit plan obligations	Working responsibly, p13
EC4	Significant financial assistance received from government	CEB membership, p6
EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation	2012 CSR Report, p21
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation	None
EC7	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation	n/a
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement	Sectoral lines of action, p10
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts	Evaluation in the project cycle, p11

ENVIRONMENTAL		
EN1	Materials used by weight or volume	Measures and results, p14
EN2	Percentage of materials used that are recycled input materials	No information
EN3	Direct energy consumption by primary energy source	Information given by eDF
EN4	Indirect energy consumption by primary source	Measures and results, p14
EN5	Energy saved due to conservation and efficiency improvements	No information
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives	No information
EN7	Initiatives to reduce indirect energy consumption and reductions achieved	Managing the environmental footprint, p14
EN8	Total water withdrawal by source	Marginal (water used only for office sanitation)
EN9	Water sources significantly affected by withdrawal of water	n/a (see EN8)
EN10	Percentage and total volume of water recycled and reused	n/a (see EN8)
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	2012 CSR Report, p24
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	n/a (office activities in highly urbanised environment)
EN13	Habitats protected or restored	n/a (see EN12)
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity	n/a (see EN12)
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	n/a (see EN12)
EN16	Total direct and indirect greenhouse gas emissions by weight	Measures and results, p14
EN17	Other relevant indirect greenhouse gas emissions by weight	n/a
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved	Managing the environmental footprint, p14
EN19	Emissions of ozone-depleting substances by weight	Negligible (office activities only)
EN20	NO, SO, and other significant air emissions by type and weight	See EN8
EN21	Total water discharge by quality and destination	No information
EN22	Total weight of waste by type and disposal method	Measures and results, p14
EN23	Total number and volume of significant spills	None
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally	None
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organisation's discharges of water and runoff	n/a (see EN12)
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	Socially responsible financing, p12
EN27	Percentage of products sold and their packaging materials that are reclaimed by category	n/a
EN28	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations	None
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organisation's operations, and transporting members of the workforce	Measures and results, p14
EN30	Total environmental protection expenditures and investments by type	Report of the Governor 2012
SOCIAL		
LA1	Total workforce by employment type, employment contract, and region	Diversity of CEB staff, p13
LA2	Total number and rate of employee turnover by age group, gender, and region	Diversity of CEB staff, p13
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations	Working responsibly, p13; CEB Staff Regulations; pension scheme
LA4	Percentage of employees covered by collective bargaining agreements	Social relations, p13 (CEB, as an IFI, has internal rules and regulations for its employees)

LA5	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements	CEB Staff Regulations, p13
LA6	Percentage of total workforce represented in formal joint management - worker health and safety committees that help monitor and advise on occupational health and safety programs	Social relations, p13
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region	No information
LA8	Education, training, counselling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases	Pandemic Plan, 2012 CSR Report (p22)
LA9	Health and safety topics covered in formal agreements with trade unions	Social relations, p13
LA10	Average hours of training per year per employee by employee category	No information
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	Philosophy and lifelong learning, p13
LA12	Percentage of employees receiving regular performance and career development reviews	Performance appraisal, p13
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity	Diversity of CEB staff, p13
LA14	Ratio of basic salary of men to women by employee category	Equal
HUMAN RIGHTS		
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening	2012 CSR Report, p8
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken	2012 CSR Report, p8
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	n/a
HR4	Total number of incidents of discrimination and actions taken	No information
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights	Code of Conduct, p9
HR6	Operations identified as having significant risk for incidents of child labour, and measures taken to contribute to the elimination of child labour	No information
HR7	Operations identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of forced or compulsory labour	No information
HR8	Percentage of security personnel trained in the organisation's policies or procedures concerning aspects of human rights that are relevant to operations	None
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken	None
SOCIETY		
SO1	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting	Environmental Policy, p12
SO2	Percentage and total number of business units analysed for risks related to corruption	Compliance and integrity, p9
SO3	Percentage of employees trained in organisation's anti-corruption policies and procedures	Compliance and integrity, p9
SO4	Actions taken in response to incidents of corruption	Compliance and integrity, p9
SO5	Public policy positions and participation in public policy development and lobbying	n/a
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country	None
SO7	Total number of legal actions for anticompetitive behaviour, anti-trust, and monopoly practices and their outcomes	n/a
SO8	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations	None
PRODUCT RESPONSIBILITY		
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures	n/a
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes	n/a
PR3	Type of product and service information required by procedures and percentage of significant products and services subject to such information requirements	n/a
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes	n/a

PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	n/a
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship	n/a
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes	n/a
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	n/a
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	n/a

GRI Financial Services Supplement

FS1	Policies with specific environmental and social components applied to business lines	Environmental Policy, p9
FS2	Procedures for assessing and screening environmental and social risks in business lines	Socially responsible financing, p11-12
FS3	Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions	Socially responsible financing, p11-12
FS4	Process(es) for improving staff competency to implement the environmental and social policies and procedures as applied to business lines	Guidance notes and internal training
FS5	Interactions with clients/investees/business partners regarding environmental and social risks and opportunities	Q&A (standardised reporting, questionnaires) and on-site fact-finding missions, p12
FS6	Percentage of the portfolio for business lines by specific region, size (e.g. micro /SME/large) and by sector	Key data, Report of the Governor 2012
FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose	Key data, Report of the Governor 2012
FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose	Key data, Report of the Governor 2012
FS9	Coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures	On-site reviews of sensitive projects at least once per year, more frequently if needed
FS10	Percentage and number of companies held in the institution's portfolio with which the reporting organisation has interacted on environmental or social issues	Report of the Governor 2012
FS11	Percentage of assets subject to positive and negative environmental or social screening	Each project is subject to environmental screening
FS12	Voting polic(ies) applied to environmental or social issues for shares over which the reporting organisation holds the right to vote shares or advises on voting	None

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CEB

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